Finance and Resources Committee

10.00am, Thursday, 14 January 2016

CEC Transformation Programme: Property and Asset Management

Item number	7.2
Report number	
Executive/routine	Executive
Wards	All

Executive summary

As part of the Council wide transformation plan, the Finance and Resource Committee considered the Property and Asset Management Strategy on 24 September 2015.

In November 2015, Committee agreed that Officers bring to the January 2016 meeting of the Finance and Resources Committee a detailed Implementation plan for Property and Asset Management, focusing on the points highlighted in recommendation 1.1.5 and 1.1.6.

This paper provides an overview of the work done since the November Committee.

Links

Coalition pledges

Council outcomes

Single Outcome Agreement

Finance and Resources Committee

CEC Transformation Programme: Property and Asset Management

Recommendations

1.1 That Committee:-

1.1.1 Acknowledges the progress made to date within the property and asset management workstream around Project Management Office mobilisation, Transition, Estate Rationalisation, Investment Portfolio, Asset Condition, and Facilities Management;

1.1.2 Notes that, following Committee approval of the alternative in-house proposal for delivery of Facilities Management, Deloitte have been retained, until July 2016, through the previously procured two stage contract to support the property and asset management workstream;

1.1.3 Notes the award of further consultancy support for the provision of specialist technical advice, and investment strategy support, until July 2016, and delegates authority to the Chief Executive to appoint the required Consultants; and

1.1.4 Notes that a progress report on the programme will be submitted to Committee every two cycles.

Background

2.1 The "Asset Management Strategy" (AMS) is an ongoing workstream that is part of the wider Council Transformation Programme, aimed at achieving cost savings and delivering an improved service through a new operating model.

2.2 AMS aims to create a credible, focused and sustainable delivery plan for property and facilities management; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.

2.3 The Finance and Resource Committee considered the Property and Asset Management Strategy on 24 September 2015. The committee approved the adoption of an alternative in-house delivery model which included a significant investment in technical support over the next few years. This paper sets out the estimated level of that support over the next 6 months.

2.4 In November 2015, Committee requested that Officers bring to the January 2016 meeting of the Finance and Resources Committee a detailed Implementation

Plan for Property and Asset Management, focusing on the points highlighted in recommendation 1.1.5 and 1.1.6.

2.5   This paper provides an overview of the work done since November.

Main report

3.1   As reported in November, considerable momentum has built up in Corporate Property since September. The Corporate Property Board continues to provide oversight on business as usual in addition to the property transformation activities.

3.2   To support the ongoing workstreams, the Project Management Office (PMO) is now established and provides oversight and supervision of key activities and helps to manage/mitigate any risks which may arise from the programme.

3.3   The purpose of the PMO is to ensure robust procedures are in place to successfully deliver the intended outcomes of the programme, whilst being careful not to impose unnecessary bureaucracy. The PMO is led by Deloitte and is supported with resource from Corporate Property and the wider Transformation Programme.

3.4   The programme has been split into five distinct workstream and these are now mobilised. In broad terms the programme is aiming to drive the activity hard during the first half of 2016 with a view to ensuring the savings targets set out in the September report are delivered and where possible exceeded.

3.5   This however will require a significant injection of external resource in the short term and this is reflected in the Finance section below.

3.6   Appendix A sets out the structure of the programme and a summary of progress against each workstream is set out below:

Transition

Staff Transfers

3.7   In September 2015, the Finance and Resources Committee approved to transfer staff, and related property budgets, into Corporate Property. In addition, it was agreed that the Corporate Property function would transfer from Services for Communities to Resources. Good progress has been made to date on defining the Transition approach and plan.

3.8   The scope of functions to be transferred into Corporate Property has been defined and includes the Edinburgh Shared Repairs Service, PPP Schools Contract Monitoring, part of Edinburgh Building Services (Non-housing), and Schools Nutrition. However, it is acknowledged that minor changes to the scope may be required as a result of the on-going Council Transformation Programme through discussions with other service areas.

3.9   For all functions to be transferred, any associated risks and issues are identified prior to communication and consultation with the service areas and the Corporate Property Board.

3.10   A phased approach to transitioning functions has been adopted. In line with the strategic goal of bringing property activities together within the organisational structure, the undernoted transfers represent the phase 1 moves that were approved by the Corporate Property Board on 4 December 2015, subject to the relevant consultations taking place.

   a.   *Corporate Property - effective date 31 December 2015 -* The move of Corporate Property from Services for Communities to Resources represents a change in reporting line and does not affect the day to day activities of individuals in the function. The reporting line for Corporate Property will be the Executive Director of Resources.

   b.   *Shared Repairs Services - effective date 31 December 2015 -* The move of Shared Repairs Services from Services for Communities in to Corporate Property represents a change in reporting line and does not affect the day to day activities of the individuals in this team. The reporting line for Shared Repairs Services in the interim will be to the Acting Head of Corporate Property. This team will be subject to further review within the scope of Business Support Services (BSS). In response to the transfer of Shared Repairs, the Corporate Property Board will remain unchanged. The Property Conservation Board will also remain, maintaining reporting lines to the Head of Finance as Chair. The Acting Head of Corporate Property is to be added as a member to the Property Conservation board.

   c.   *PPP Contracts Team - effective date 31 December 2015 -* The move of the PPP Contract Monitoring staff from Children and Families in to Corporate Property represents a change to the nature of the team, and the team managers' role, and as such this will be addressed in the Corporate Property Organisational Review. The reporting line for these staff in the interim will be to the Buildings Programme Manager.

   d.   *EBS (Non Housing) - effective date 31 December 2015 –* This involves moving the EBS (Non Housing) commissioning staff team into Corporate Property and represents a change to the nature of the team, and the team managers' role, and as such this will be addressed in the Corporate Property Organisational Review. The reporting line for these staff in the interim will be to the Buildings Programme Manager. The remaining operative staff will move directly to EBS (Housing).

   e.   *Schools Nutritionist - effective date 31 December 2015 -* The move of nutrition staff from Children and Families in to Corporate Property represents a change in reporting line and does not affect the day to day activities of the individuals. The reporting line for these staff in the interim will be to the Acting Corporate Facilities Manager.

3.11　The Transition team will continue to identify functions to be transferred in future phases and present recommendations to the the Corporate Property Board for each subsequent phase.

Engagement and Communication

3.12　Following approval of transfers by the Corporate Property Board, and in advance of any transfers being implemented, a formal communication and engagement process with the Trade Unions will be undertaken.

3.13　An informal meeting was held, on 19 November, with Unite and Unison to update them on the property and asset management strategy and advise of change in reporting lines of all Corporate Property Staff from Service for Communities to Resources.

3.14　Communication will also continue with Corporate Property staff to advise of the moves and engagement will continue with service heads and/or team managers in respect of transfers of the above teams into Corporate Property by 31 December 2015.

3.15　In addition to the initial engagement above, an integral part of the ongoing review will be the consultation with trade unions and staff. In order to achieve the successful redesign of the operating model and cultural change required, meaningful consultation and dialogue will be undertaken both to meet statutory obligations and to share and shape the new vision for the organisation.

3.16　The staff within Corporate Property is made up of a mixture of professional and non-professional staff, located across the geography of the Council, many of whom work part-time and have little access to their line manager. In order to achieve genuine engagement with all staff a series of team meetings, and individual consultation, will be planned in addition to the formal union consultation.

Budget Transfers

3.17　Budget transfers relating to staffing transfers will take place with effect from 1st April 2016, in line with the rest of the Transformation Programme. In advance of this transfer, a due diligence exercise is taking place to ensure that the budget transfers reflect the costs of the staff and services transferring.

3.18　In addition, all relevant non-staffing property and facilities management budgets currently held by services will also transfer to Corporate Property with effect from 1st April 2016. The scope of this transfer will be agreed with service managers alongside the development of clear service level agreements.

Corporate Property Organisational Review

3.19　A formal organisational review of Corporate Property service is required to deliver the blueprint for the new service. In line with the Councils Transformation programme, formal consultation for Organisational Reviews will be 45 days.

3.20 It is planned to undertake the formal review of Corporate Property tiers 3 and 4 between February and April 2016. Matching and recruitment to the new tier 3 and 4 posts will follow with people in post by June. The review of the remaining tiers 5-7 is planned to run in tandem between April and June 2016. Matching and recruitment to the new tier 5-7 posts would follow.

3.21 The transition team are working closely with other works streams of the Councils Transformation Team to align timetables for their respective organisational reviews. Key issues for consideration between the two work streams include:

    a. Scope of functions within each work stream;

    b. Timing of the reviews to avoid staff being party to more than one review;

    c. Impacts on any transformation to services, i.e. roles impacted by a change to the way in which services are delivered, for example channel shift, standardising processes or systems for similar tasks across the Council;

    d. Service Level Agreements; and

    e. Clarity and agreement on landlord (Corporate Property) / tenant responsibilities.

3.22 All changes to the scope of functions to transfer are captured in a formal Transformation Programme change control process.

Estates Rationalisation

3.23 On 12 May 2015, the Corporate Policy and Strategy Committee approved the Corporate Asset Strategy, 2015 -2019. As part of a wider strategy, Committee acknowledged that the Council's asset base is too large and approved the over-arching principle of achieving significant budget savings in property costs by creating a smaller but better quality estate through rationalisation.

3.24 The approved policy now underpins all the work under the Asset Management Strategy workstreams. Committee specifically approved the strategic drivers that will shape the asset strategy as follows:

- Supporting high quality service delivery which meets the increasing demand and expectations of customers;
- Using Council property assets as a catalyst for inward investment and economic regeneration;
- Increasing partnership working with other public sector and third sector organisations;
- Achieving significant budget savings in property costs while protecting priority services;
- Meeting the targets contained within the Sustainable Edinburgh 2020, the Council's Carbon Management Plan and the Council's Energy Policy;
- Creating greater visibility and value for money;

- Addressing high levels of backlog maintenance and standards of accommodation;
- Reducing revenue spend on, and consumption of, energy and water – currently in excess of £10m pa;
- Financial implications of complying with Carbon Reduction Commitment legislation;
- Responding to changing demand for, and flexibility in, operational property; and
- Supporting the locality service delivery model and programme management arrangements.

3.25   The workstream will also contribute to the CLS workstream of Transformational Change by facilitating co-location of service teams and partner agencies, in doing so creating efficiencies in space utilisation.

3.26   The scope includes all properties within the CEC operational portfolio. However it is recognised that elements of the estate will have little opportunity for rationalisation – such as the schools estate as a result of rising rolls, where floorspace is currently increasing. There may however be the opportunity to use school space more intensively as part of the programme. The scope will also include assessment of partner agencies' assets within the context of the locality studies, which may lead to income streams for the Council through partners locating within Council properties.

3.27   The rationalisation of the property portfolio is critical to the success of the AMS programme. The paragraphs below describe four of the workstreams currently being progressed.

Localities and Collaboration

3.28   It is envisaged that significant staff movement will be required to support the shift towards localities under the Transformation Programme. The Council's property assets will be key to supporting a wider range of staff in the localities, including those of partner agencies and the third sector, as the key themes of collaboration and partnership working are developed. A first phase of moves is currently being developed with the Transformation Team, and it is expected that surplus properties will emerge as part of that process. In addition, a formalisation of licences to accommodate partner agencies, and third sector agencies, will be required to charge for the cost of hosting partners in Council buildings.

3.29   In addition to the Council's own change programme, other agencies are actively seeking opportunities to relocate services and release buildings. The Council's Strategic Asset Management team is actively reviewing multi-agency asset ownership in key locations of the city, to identify synergies and opportunities for change.

Headcount Reduction and Office Rationalisation

3.30 Headcount reduction in the Council will reduce the need for space. It is expected that this will either offer the opportunity to reduce the number of properties, or to generate income opportunities from leasing out surplus Council space. The introduction of 'Workstyle' in 2014, based on flexible working with a ratio of 7 desks to 10 staff, considerably increased efficiency in the office portfolio and allowed for asset exit and disposal. This will continue to be rolled out across the office portfolio, such as the neighbourhood offices, to create further space efficiencies.

Community Facilities Review

3.31 The Council is currently considering the synergies that could be achieved between community centre and library facilities as part of its budget review. Any proposals for change in this area will also manifest themselves in a property response, with the opportunity for services to co-locate in the same buildings. There may also be synergies with school properties as part of this co-location agenda.

Depots Review

3.32 A review of the Council's depots estate is underway to reduce the number of sites while delivering a fit for purpose estate, which is expected to be reported to Finance and Resources Committee on 4 February 2016. The present estate is in very poor condition and has a significant backlog of maintenance. The review has set out to deliver a self funding programme of reinvestment into the retained estate, and provide supporting infrastructure for the operation of the Council's Zero Waste project at Millerhill. The proposal is to release £27m of investment into the retained estate, funded by savings from reduced property costs and capital receipts. In addition, the proposals will also seek to achieve operational savings of £700k per annum.

Programme

3.33 The complexity of the accommodation moves being scoped as part of this workstream means that a programme of over three years is required to deliver the full scope. There are also considerable dependencies on the Transformation Programme which will have significant implications for the timescales, affecting:

- The effect of headcount reduction and identifying the locations where space will be released;
- The shape of the new service teams; where they should be located and the size of the teams to be brought together; and
- The design of the new services and the property implications that are forthcoming from those designs.

3.34 The first moves are expected to be delivered through quarters three and four of 2016. Proposals are currently being scoped, and detailed business cases

developed. The next stage will be to undertake consultation. Any proposals affecting public facing services will be brought to the appropriate service committee for approval to consult, following which there will be a formal public consultation, before a Council decision is made on the outcome.

Investment Portfolio

3.35 Previous reports identified the need to establish a clear investment strategy for the Council non-operational investment portfolio. Work is ongoing in this area, however a lack of system integration makes the process of analysing the current performance of the investment portfolio time consuming. For this reason it is proposed to update Committee more fully when the workstream reports again in March 2016.The next report will specifically addresses the short, medium and long term strategy including analysis of:-

- Portfolio performance;
- Rental and capital growth;
- Rental income distribution;
- Concessionary lets;
- Property management regime; and
- Capital receipt realisation and performance

Asset Condition

3.36 The Council has recognised that much of the operational estate (comprising over 600 properties) is in a poor condition with a significant backlog of maintenance work required, which has been exacerbated by increasingly limited budgets for capital and revenue maintenance programmes over many years. Additionally, the asset condition information for the operational estate has been historically variable, which restricts appropriate risk based identification, prioritisation and planning of essential work. For example, funding for a condition survey regime was only implemented in 2014/15.

3.37 In response to this challenge, a specific workstream has been established within AMS to implement a sustainable strategy and programme of activity to address any health and safety risks to building users, improve the management information and planning processes relating to asset condition and ultimately bring the estate up to an acceptable level of repair. A core working group comprised of Deloitte and Council staff have defined a set of key objectives:

- Identify and quantify the extent of backlog maintenance, health and safety risks and non-compliance across the estate;

- Develop a risk based assessment methodology for the prioritisation and planning of maintenance work;

- Benchmark the required expenditure against existing budget allocation;

- Develop a best practice delivery model, structure and processes which achieves value for money for the annual capital and revenue budget; and

- Implement a technological solution to record asset condition information and provide robust management information to inform future strategic planning.

3.38 These key objectives have been developed into a detailed plan of work between December 2015 and end June 2016 which is summarised below:
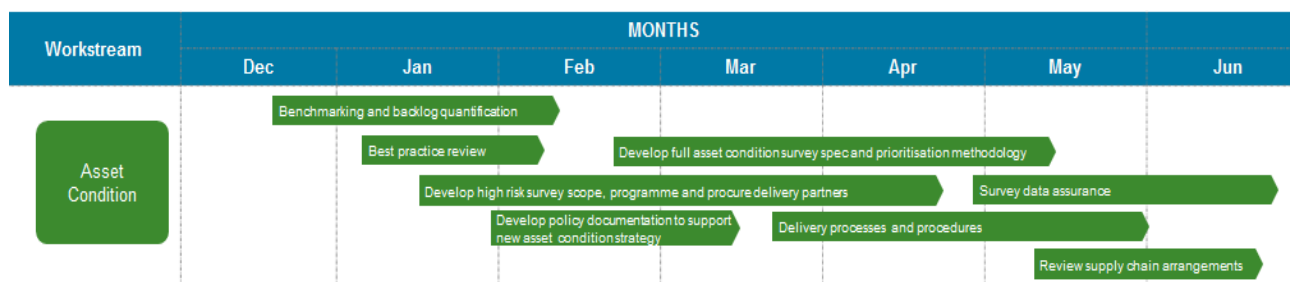

Fig 1.0 Asset Condition Plan of Work

Backlog Maintenance

3.39 Backlog maintenance can be defined as the cost of work required to bring a property up to an acceptable state for its intended use. As noted in 3.36, the available information relating to the condition of the operational estate is inadequate, which makes estimating an accurate cost of backlog maintenance very difficult. However, the scale of the issue has been considered in the context of the education estate. At its meeting on 20 March 2014, the Finance and Resources Committee considered a referral report from Education, Children and Families Committee on Asset Management Priorities 2014-2019.   Committee noted that the level of available funds each year had been a contributing factor to the current condition of operational property and that there was a revenue maintenance backlog on the Children and Families Estate of £29.1m and an £18.5m capital funding pressure, both over a five year period. This is consistent with a recent benchmarking exercise carried out by Deloitte that estimates backlog maintenance across the entire estate to be in the region of £100million. This will require further detailed validation as there a number of factors that could influence the scale of the future requirement. For example, if the property rationalisation strategies, such as the Depots Review described in para. 3.32, are approved and implemented, this figure will reduce considerably.

3.40 The Council has three sources of investment in its property portfolio; the Repair and Maintenance budget (revenue); Asset Management Works (capital) and the Capital Investment programme. These are considered in turn below:-.

Capital and Revenue Budget Analysis

Reactive Repairs (Revenue) and Compliance

3.41 A report to the Corporate Leadership Group, in July 2015, on Property Revenue Budget – Repairs and Maintenance Priorities 2015/16, set out the Repairs and Maintenance (R&M) budget for the current 2015/16 financial year, and provides

data on previous years from 2009/10. The following graph shows actual spend against budget for repairs and compliance works over this period.
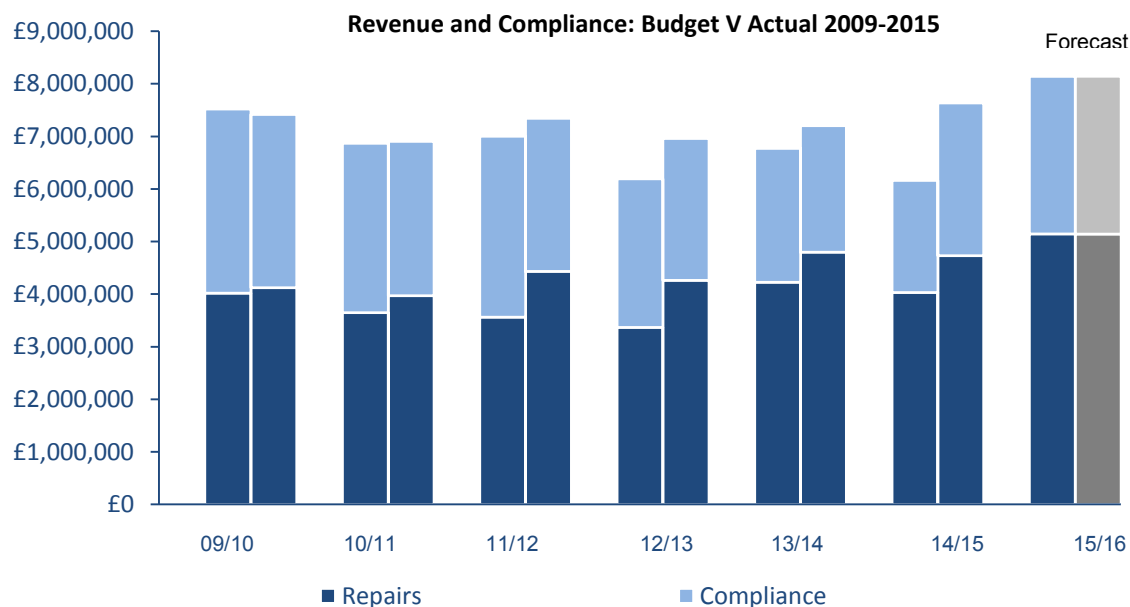
Revenue and Compliance: Budget V Actual 2009-2015

Fig 2.0 Revenue and Compliance Budget v Actual
Source - City of Edinburgh Council Corporate Finance

3.42   As previously noted by the Education, Children and Families, Finance and Resources and GRVB Committees, in response to budget pressures, there has been a requirement to reduce the service provided with only Health and Safety, wind and watertight requirements being delivered. Even with this provision, the budget has been annually under-resourced.

3.43   In 2014/15 an additional, and separately funded, £1.4m post Liberton safety works were completed. Additionally, the Devolved School Management budget has been transferred into Corporate Property from 2013 and a one off budget uplift was allocated for 2015/16.

3.44   Further pressures to the budget are being incurred due to the funding of survey costs (CEC staff and external) and any subsequently identified high priority work, this pressure is currently forecast as £1m.

3.45   This means that in real terms, the core R&M budget has reduced by approx. 24% over the last 7 years without any allocation for rising-school-roles and classroom extensions or increased usage.

3.46   A significant uplift off £2m was allocated to the budget for 2015/16, and the current forecast is that the budget will balance. Notwithstanding one off events, that may cause a spike in spend, it can assumed that the level of budget now meets the requirement for a compliance, health and safety, wind and watertight regime. Any additional budget could be diverted to a revenue planned preventive regime.

3.47   The following graph represents the budget performance noted in the Asset Management Works Budget 2011-2012 – 2019-2020 as previously reported to Committee, and sets out actual spend against budget for the current financial year and the last 3 financial years. It should be noted that following a considerable underspend in 2012/13, an acceleration of spend has been achieved in each year. An additional £3.419m was made available in 2015/16.

Asset Management Works Programme - Budget V Actual 2013 - 2016
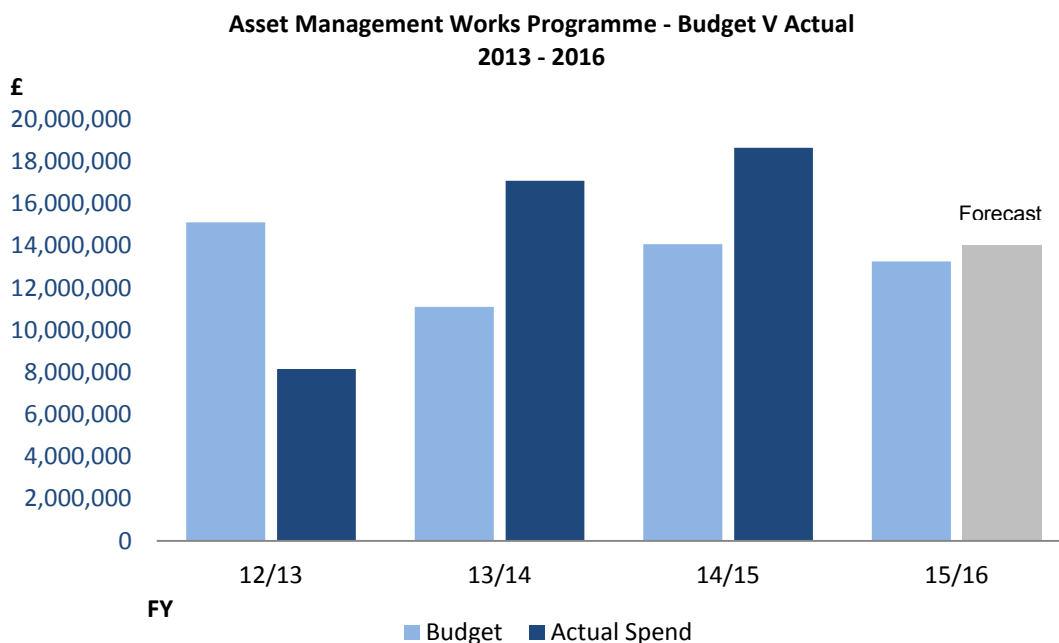
Fig 3.0 Asset Management Works Programme - Budget V Actual
Source - City of Edinburgh Council Asset Management Works Budget 2011-12 – 2019-20

3.48   The work completed in the Asset Management Works programme includes:

- Roof and rainwater goods repairs

- Stonework and masonry repairs

- External window, door and screen replacements

- Fire detection system works following statutory inspections

- Electrical re-wiring

- Replacement of heating systems and ventilation plant

- Water quality works following statutory inspections

Capital Improvement Programme

3.49   It should be recognised that outside the Asset Management Works Programme there is additional capital investment through the departmental Capital Improvement Programme (CIP) budgets. This is a significant programme of work illustrated in Figure 4.0 below, with an annual average spend of around £40m

and typically covering the replacement or extension of existing facilities, and on occasion, the provision of additional new facilities.
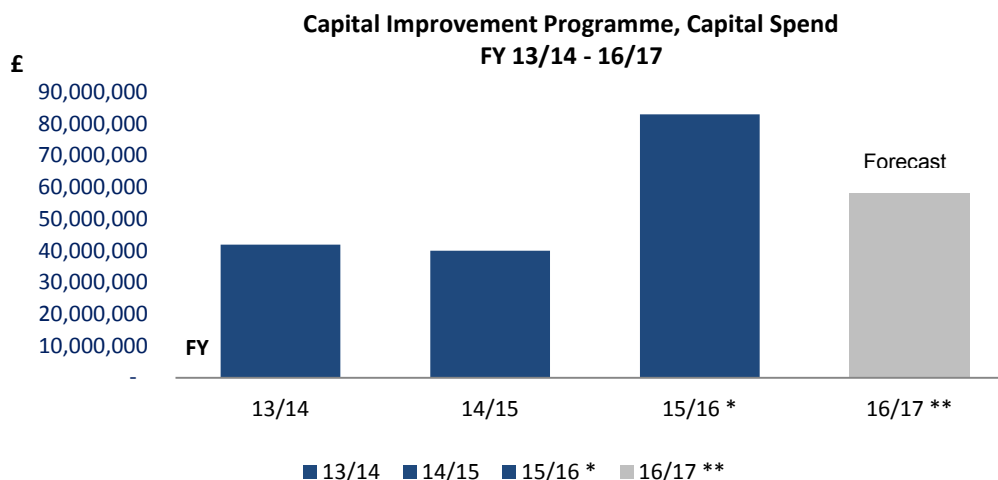
Capital Improvement Programme, Capital Spend
FY 13/14 - 16/17

Fig 4.0 Capital Improvement Programme – Capital Spend
Notes:
In FY 15/16 a number of projects reached the construction phase having been in the design phase the previous year therefore resulting in an increase in spend.
***In FY 16/17 this figure will increase as more projects are commissioned, there is a large volume of C&F schools related work projected, feasibility studies are in progress for 11 primary school extensions, 6 secondary school extensions and up to 7 new primary schools all of which will result in significant C&F capital spend. In addition there are planned commissions for a new care home (£7.2M) and a new replacement special educational needs school (£12M).*

3.50   Client business cases or committee reports on which investments decisions are based often fail to make provision for any impact on the maintenance and FM revenue budget. This can represent significant additional budget pressure in the case of new extensions or additions to existing facilities. This workstream will seek to address this issue.

Summary and Next Steps

3.51   The current level of capital and revenue budget available for repairs and maintenance for the operational estate is inadequate. Recent high level surveys have identified health and safety and service delivery risks on a number of assets across the operational estate. The risk in this area is high on the Council corporate risk register. In simple terms, the Council has too many properties, many of which are in poor condition, and it is critical that this workstream works in tandem with property rationalisation team in order to reduce the overall size of the Council estate.

3.52   In response to this challenge, a specific workstream has been established within AMS to implement a sustainable strategy and programme of activity to address the health and safety risks to building users, improve the management information and planning processes relating to asset condition and ultimately bring the estate up to an acceptable level of repair.

3.53   The workstream will continue to develop and assess the data relating to asset condition and backlog maintenance liabilities. Funding options will be reviewed along with spend profile and timing options for reducing backlog maintenance.

3.54   In the short and medium term, proposals for a programme of high risk surveys (to run concurrently with the rolling programme of asset condition surveys) has been developed and costed.

3.55   Updates on progress will be provided to Committee as part of the AMS programme reporting.

Facilities Management (FM)

3.56   Facilities Management in the Council covers a broad spectrum and impacts significantly on the day to day running of Council Services. The graphic below sets out just some of the activities carried out by the FM function.

1,640 security call outs per year

4,588 room bookings In 2015

On average 143,000 school meals produced per day

26 weddings held over 12 months

85,612 emails were dealt with in 2015

71,917 visitors at Chambers & Waverly Court Receptions in 2015

522,938 square meters of floors cleaned per day.
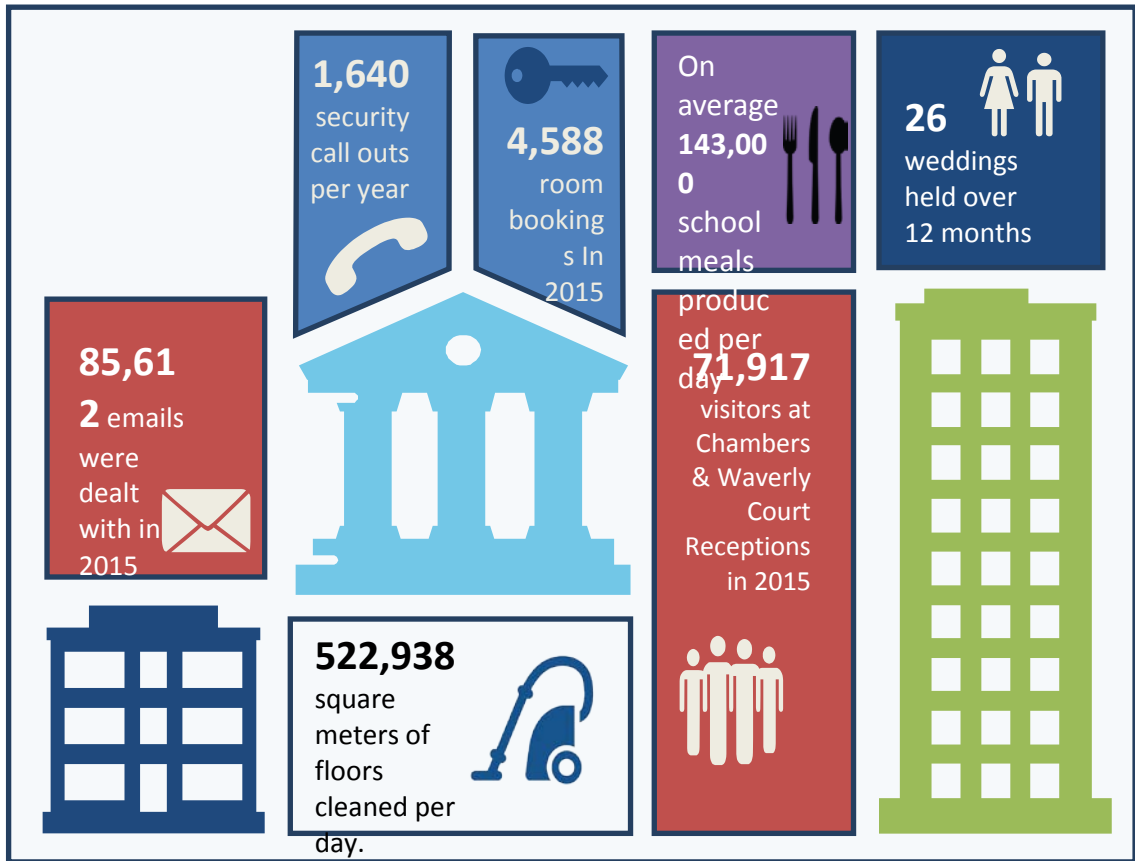
3.57 The AMS business case highlighted a number of areas that needed to be addressed within the existing FM services.

FM Blueprint

3.58 Since September a number of workshops have been held wherein the service delivery model was reviewed and a decision was taken to retain a geographical based service approach with senior Area Managers responsible for the delivery of all hard and soft FM services. This enables effective coordination between the service lines and provides a single point of accountability for Primary Customers. Geographical boundaries have been redesigned and now map the Localities used elsewhere in the Council to these boundaries.

Organisation Design

The work underway to redesign the organisational structure of Corporate Property, including FM, to Tier 4/5 is currently being developed and staff consultation for impacted staff will begin in late January or early February.

Technical Consultant – Service re-design

3.59 In order to accurately design and size the remaining FM workforce below Tier 4/5 (Facility Mangers, Supervisors and Operatives) it is necessary to appoint *a Technical Consultant with specialis*t service line expertise which cannot be sourced internally.

3.60 Phase 1 of the Technical FM Consultant brief will include the design of the Council's soft FM services to optimise cost and performance in accordance with formal Customer SLAs. Design includes, by service, costed resource plans, detailed shift patterns and working hours and operational and supervisory plans. The FM Services in scope for this design include:

- Catering in schools and offices
- Janitorial services
- Cleaning services
- Corporate Events Management
- Mail
- Events
- Security
- Grounds Maintenance
- Pest Control

3.61 Phase 2 will be to provide implementation support for the new services including detailed process and task management, implementation training and interim management support.

Service Level Agreements (SLA)

3.62 A cornerstone of the new FM delivery model is establishing and agreeing formal Service Level Agreements (SLAs) between Corporate Property and the Council service areas, i.e. the end users.

3.63 The new SLAs will capture the scope of services provided and paid for by Corporate Property – to be c*lassified as Core Services, as* well as the minimum standards of service delivery. The SLAs will also capture the Non-Core services and the basis of recharging for these services if requested by the Primary Customers. This process will be iterative and will require effective consultation with the senior representatives from service areas. Committee should note that agreeing realistic and affordable SLAs will be challenging. Outline SLAs will be provided to the Technical Consultant following appointment, who will manage final development in parallel with the service review.

Finance

3.64 Up until 2015/16, the deficit in Corporate Property was contained by a number of one off measures within Corporate Property and the wider Place directorate. From 2016/17 onwards, funding is provided in the budget framework to fund the service on a sustainable basis.

3.65 As reported to Finance and Resource Committee in September, there is potential for the Council to achieve savings from property and facilities management. The AMS programme estimates that annual savings of approximately £6.2m can be achieved from an in-house delivery model. The phasing of savings implementation is forecast to be as follows.

16/17   £0.8m

17/18   £1.6m

18/19   £5.8m

19/20   £6.2m

3.66   Committee agreed the alternative in-house proposal which included estimated implementation costs of £7.7m, including technical and programme management support, training and IT, and estimated redundancy costs. The next phase of the AMS programme up to the end of July 2016 is estimated to cost approximately £1.7million. This can be met from existing approved budgets and provision for Transformation which is proposed within the 2016/2020 budget framework.

3.67   The following external expenditure is required until July 2016:

- Specialist technical consultancy support is required to assist in redesigning the facilities management and property functions and support the investment strategy; and
- Deloitte are required to support the programme across a range of activities.

3.68   There is a requirement to retain specialist technical support and consultancy to augment the existing management team, to assist with the redesign of the FM function and lead the roll out of the Investment Strategy. The value of these appointments is estimated to be £600k, and approval is sought to finalise agreements and award contracts. The specialist consultants will assist in:-

- Supporting the Council client function in overall delivery of the AMS strategy;
- Supporting the development of service minimum standards; considering feedback from Primary Customers ;and input from the Council (and taking onto account market practice, customer needs and budget constraints);
- Developing service methodologies which deliver the SLAs considering 'how' each service is best approached on an input basis. For example, static/remote deployment of labour, deployment of janitors, approach to service integration etc;
- Providing details to explain the service model in terms of the changes required to current service approach and rational and benefits of the proposed model;
- Determining the size of the operator and supervisor workforce required to deliver the service at a building level and the principles for design;
- Scheduling working shift patterns and calculating hours worked by the workforce required to deliver the services;
- Determining costs of delivering the service including all labour, materials and consumables; and
- Describing how each service is to be managed, supervised and quality managed.
- Investment Strategy support.

3.69 Given the wide ranging scale of activities required between December 2015 and July 2016 There is a need to retain Deloitte in the following areas:

    a. PMO lead and support

    b. Facilities Management lead and support

    c. Estates rationalisation

    d. Asset Condition lead and support

3.70 The costs associated with Deloitte from December 2015 to end July 2016 are estimated to be £1.126million. The remaining £0.574million is allocated to additional technical support.

3.71 A proposal has been received from Deloitte setting out the scope of the Deloitte work, lists the deliverables against each workstream and an overarching programme until July which combines Deloitte and Council activities.

3.72 The Council's procurement function concluded previously that Deloitte can be retained for Phase 2 and that no further Committee approvals are required. The details of this were included in the November F&R paper.

3.73 The intention is to appoint consultants until July 2016. It is intended that during the period to July the Council will develop an enhanced in-house capability in order to reduce and ultimately eliminate the need for external consultancy support. This will require a commitment by the Council to attract and retain appropriately skilled staff.

Measures of success

4.1 The AMS business case identified significant financial and non-financial benefits associated with the asset management and Corporate Property function that are in line with the wider objectives of the Council's Transformation Programme.

Financial impact

5.1 As outlined in the September and November reports, the delivery of the in-house property and asset management will require significant investment in relation to new technology, training of staff across all levels and service areas, redundancies, advisor support and backlog maintenance.

5.2 The estimates set out in the September report was £7.7m including an estimate of £3.5m allocated for external support and investment. These numbers are currently being refined in the context of the wider property and asset management restructuring and will be reported to Committee on a bi-monthly basis although it is anticipated that this estimate will be adequate to execute the plan. It should be stressed however that the previous and current costs do not include any additional costs associated with improving the condition of the Council estate. Numbers are re-stated in this paper and actual anticipated costs

for the first 6 months of the implementation plan are also presented.

Risk, policy, compliance and governance impact

6.1   Recommendations in this report are not approved leading to delay and/or significantly reduced annual savings.

6.2   Implementation of the Estates Rationalisation and/or the Investment Portfolio Optimisation cannot be delivered in the timescales envisaged due to stakeholder resistance.

6.3   Additional financial pressures are brought to bear, for example, implementing the revenue backlog maintenance and addressing the increased health and safety risks to the users of the Estate

Equalities impact

7.1   The contents and proposals of this report have been assessed with respect to the Equality Ac t 2010 public sector equality duty. In this regard, an equality and rights impact assessment has been initiated, and initial findings have indicated:

1. Reducing property costs, specifically the proposal to identify an enterprise wide strategic partner, will enable greater savings to be realised, which in turn will enable more effective protection of frontline services to vulnerable citizens, and meeting demographic pressures.

2. Projects exploring the feasibility of asset transfer to community groups could empower communities, particularly those in deprived communities.

3. Any impacts on employment conditions as a result of different service delivery models will be assessed further through the impact assessment process.

4. Any changes to concessionary lets to third sector and community groups, and consequent impacts, could be managed through the grants and contracts process.

5. Co-location opportunities, if delivered, could improve and simplify access to council and partner services, especially those individuals or families who require multiple services.

6. Proposals to improve the coordination of asset management, and to drive forward property rationalisation, should lead to improvements in physical accessibility at council premises.

Sustainability impact

8.1   The contents and proposals contained in this report have been assessed with respect to the Climate Change (Scotland) Act 2009. In this regard, a

sustainability, adaptation and mitigation impact assessment has been initiated, and initial findings have indicated:

1. A need to further improve energy efficiency within council buildings in order to tackle green house gas emissions, and to save money on energy costs and carbon taxes.

2. A need to further improve internal waste reduction measures within council buildings, linked to the council's wider waste minimisation strategy. Such improvements will lead to savings being released from landfill taxes and carbon taxes, and will militate against greenhouse gas emission which emanate from landfill.

3. Opportunities to minimise staff travel through smarter working and co-location across the council's estate should save the council money on transport costs, carbon taxes and will militate against greenhouse gas emissions.

4. Any future facility management service delivery models would need to take cognisance of the 'Food for Life' and 'Soil Association' accreditation projects to ensure the food provided in council premises was sustainable, sourced locally and seasonal.

Consultation and engagement

Trade Unions – 19 November 2015

Background reading/external references

CEC Transformation Programme: Property and Asset Management - report to Finance and Resources Committee, 26 November 2015

Transformation Programme: Property and Asset Management Strategy – Report to Finance and Resources Committee, 24 September 2015

Andrew Kerr

Chief Executive

Contact: Peter Watton, Acting Head of Corporate Property

Email: peter.watton@edinburgh.gov.uk   Tel: 0131 469 3796

Links

Coalition pledges	P30 - Continue to maintain a sound financial position including long-term financial planning.
Council outcomes	CO25 - The Council has efficient and effective services that deliver on objectives.
Single Outcome Agreement	
	SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all.
	SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health.
	SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential.
	SO4 - Edinburgh's communities are safer and have improved physical and social fabric.
Appendices	Appendix A – Programme Initiation Document (PID).

Appendix A

Programme Initiation Document

City of Edinburgh Council
Asset Management Strategy
Implementation Programme
Programme Initiation Document

15 December 2015
Version 8.0

Contents

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1. Introduction

Purpose

This document comprises the Programme Initiation Document (PID) for the Asset Management Strategy (AMS) implementation workstream of the City of Edinburgh Council's Transformation Programme. The purpose of the PID is to:

- Ensure that all parties have a common understanding of the purpose of the programme, the objectives, the deliverables and the stated success criteria;
- Provide an outline of the delivery model, timeline and the procedures that will be used to implement the programme;
- Provide a basis against which progress can be measured and changes can be managed.

The PID will provide the baseline for the implementation programme and will be referred to when major strategic decisions are required. It will also act as a live document that will be developed as the programme progresses. On completion, the PID will be used as a source of reference to measure whether the programme was managed successfully, delivered the intended outcomes and also to capture lessons learned for the future.

Background

The Council continues to operate in a challenging environment with increases in demand for services within ongoing financial constraints. In response, the Council has developed a Transformation Programme aimed at building a lean and agile organisation, centred on customers, services and communities. On 25 June 2015, Council approved a report on the Transformation Programme which set out the future operating model for the Council. The Transformation Programme includes a number of workstreams, each is designed to focus on customers, services and delivery of agreed Council outcomes. The workstreams are listed below:

- Citizens and Localities Services (CLS);
- Business and Support Services (BSS);
- Channel Shift;
- **Asset Management; and**
- Workforce Strategy and Management.

The Council's estate related activities were reviewed in 2010, with the intention to outsource all Property and FM operations to MITIE under the Alternative Business Model (ABM). This model was rejected at the time and a decision was taken to retain Property and FM services in-house. Following this decision, the Integrated Property and Facilities Management (iPFM) Programme was established. The aim of the Programme was to drive cost efficiency and achieve improved levels of customer satisfaction.

1. Introduction

The majority of the original savings targets for iPFM have not been met and as a consequence the Corporate Property function currently faces ongoing deficit pressures which will accelerate unless significant change is implemented. Despite previous and existing savings initiatives, the AMS business case predicted that property expenditure will exceed the affordability baseline by a total of £124 million over a 10 year period, whilst annual deficits will range between £9.2 million in year 1 (financial year 2015/16) through to over £14 million by year 10.

Asset Management Strategy (AMS) Workstream

In March 2015 Deloitte was appointed to prepare an Asset Management Strategy (AMS) business case to support necessary and significant change for property and related services within the Council. AMS aims to create a credible, focused and sustainable delivery organisation for property; provide a fit-for-purpose, right-sized and safe estate; provide an appropriate level of service at an acceptable and efficient cost; and act in a commercial manner in pursuit of maximising value.

The business case recommended a preferred option of outsourcing all corporate property functions to an Enterprise Wide Strategic Partner. The Finance & Resource Committee considered the business case on 24 September 2015, and although committee rejected the preferred strategy due to a preference against outsourcing of Council services, it did approve an alternative plan which included, among other things, the commencement of the planned investment strategy; the prioritisation of dealing with the maintenance of Council assets; and the commencement of an estates rationalisation programme. The business case recommended the establishment of a Project Management Office (PMO) to set up and oversee the delivery of 5 AMS workstreams. These workstreams are described below:

Investment Portfolio
Defines the investment portfolio strategy and takes forward the key implementation steps to maximise value and income from the portfolio.

Estate Rationalisation
Delivers cost saving proposals to reduce the size of the estate. This takes into consideration the Transformation Programme's organisational redesign which will affect the size, shape and location of the future estate.

Facilities Management
Evaluates of a range of FM delivery models to generate long term efficiency and cost benefits, whilst achieving service level delivery requirements.

Asset Condition
Develops an understanding, in budget terms, of asset condition utilising available management information, so that essential work can be adequately prioritised and implemented.

Transition
Establishes a robust programme for transfer of budgets and staff. The workstream will also manage the transfer of the Corporate Property function from Services for Communities to Corporate Operations.

2. Programme Vision and Objectives

AMS has recognised that a step change is required to expedite progress in achieving required cost savings across the corporate property function, whilst delivering an appropriate level of service delivery. A programme vision and a number of initiatives and objectives have been identified. These are the strategic drivers for change and will be used to track the delivery of the intended outcomes of the programme.

VISION	• To create a credible, efficient and sustainable delivery organisation for the Council's property and property related services • To provide a fit-for-purpose, right-sized and safe estate • To provide an appropriate level of service at an acceptable and efficient cost • To act in a commercial manner in pursuit of maximising value				
PROGRAMME WORKSTREAM	**Investment Portfolio**	**Estate Rationalisation**	**Facilities Management**	**Asset Condition**	**Transition**
	▪ Set-up a project management office to manage and deliver the programme initiatives ▪ Deliver an effective suite of management information and performance indicators in relation to key functions ▪ Define and implement a new organisation structure to enable more efficient working and service delivery ▪ Maintain a quality of service delivery during the transitional period that results in satisfied end users of the estate ▪ Implement a technological solution to support service delivery				
OBJECTIVES	▪ Develop and implement a detailed portfolio and investment strategy; ▪ Investment returns maximised against agreed strategy; ▪ Review concessionary rents policy; ▪ Identify and progress current investment assets for disposal in next 2-3 years; ▪ Produce costed business plans for all key property investment decisions; ▪ Recycle disposal income;	▪ Downsize the estate, creating space efficiencies and minimising the number of buildings requiring future spend; ▪ Create savings in property running costs to apply against AMS Estate Rationalisation targets; ▪ Create opportunities for income generation to apply against AMS Estate Rationalisation targets ▪ Reinvest capital receipts into improving asset condition	▪ Develop a new efficient delivery structure. ▪ Develop a revised Service Level Agreement (SLA) for FM services; ▪ Implement improvements for the delivery of cleaning, catering, helpdesk services and asset maintenance; ▪ Improve learning and development opportunities for all staff; ▪ Improve flexibility around the provision of additional call-off services.	▪ Identify the extent of backlog maintenance and non-compliance across the estate. ▪ Develop a risk based assessment methodology for the prioritisation and planning of maintenance work. ▪ Complete all identified high priority work. ▪ Develop a best practice delivery model for the annual capital and revenue budget.	▪ Expedite the consolidation of property related budgets and re-profile the changes to the financial baseline. ▪ Transition Corporate Property to Corporate Operations ▪ Transfer related services and staff and FM teams in to Corporate Property. ▪ Transfer relevant property and associated budgets, from other departments into Corporate Property.

3. Success Criteria

It is important to define the success criteria for the AMS workstream within an estimated overall timeframe of 2 years which is the estimated point at which all AMS workstreams are in 'steady state' (however some workstreams such as Estate Rationalisation will continue beyond this timeframe). It is important to understand that savings and benefits will continue to be realised beyond this timeframe, however this is a reasonable period over which to measure performance against the intended outcomes. Suggested criteria are provided below, which will be tested and refined through the AMS PMO Steering Group and Corporate Property Board. It is envisaged that these criteria need to be realised if the workstream is to be completed successfully. The criteria will be measured through the headline KPI's outlined in section 4.

Successful implementation of the new service delivery model supported by the right people, processes and systems resulting in improved service levels and lower costs.

Satisfied end users of the estate who are engaged and consulted on decisions that impact their business.

The production of robust costed business plans for all key property investment decisions

A clear vision showing the direction and taking steps to implement a lower cost, fit-for-purpose and safe estate.

The implementation of a new organisation structure and achieve successful integration of property across the departments

Investment returns maximised against agreed strategy

Consolidated budgets and resources into a central property function – removal of duplication

Robust Management Information and track the delivery of all identified benefits

AMS Workstream Outcomes

- Service Delivery
- Satisfied End Users
- Clear vfm decision making
- Future Footprint
- Integrated Property Function
- Investment Returns
- Eliminate duplication
- Benefits track record

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4. Measurement of Success – KPI's

Shown below are suggested KPIs for each AMS workstream. The intention is that these will be measured continually throughout the programme lifecycle and will be communicated through the monthly reporting regime. Draft management information dashboard reports based on these KPI's are included in Appendix E.

Investment Portfolio
- Capital receipts from disposals
- Value of re-investment projects
- Capital Growth
- Income maximisation; - Increased income as a result of rent reviews and reduction of concessions
  (*% of properties at market rent*)
  - Reduction in investment portfolio vacancy rates

Estate Rationalisation
- Number of projects at each key stage of the identified rationalisation process – [short term/monthly]
- Reduction in operational property costs – [subject to confirmation of baseline – long term/annual]
- Increase in income from operational assets – [from zero baseline – annual]
- Reduction in operational estate footprint. - [subject to confirmation of baseline – 750k vs 920k sqm]
- Increase in desk to FTE ratio
- Number of teams supported in a co-located environment.
- No of properties closed/exited

Facilities Management
- New SLA's developed
- Number of SLA breaches
- Headcount reduction
- Non-core FM services fully recharged to Primary Customers
- Number of helpdesk calls / repeat calls for same issue [Long term]
- Customer satisfaction ratings [Long term]

Asset Condition
- Milestone progress (tracking tasks and activities).
- Current maintenance spend to date vs. planned (planned vs actual)
- Progress of condition survey programme - Full and high risk surveys - Benchmark of 20% P/A
- Number of Health & Safety related (reportable) incidents.
- Estimated backlog maintenance [subject to completion of benchmarking]

Transition
- No. FTE's delivering corporate property services
- Budget consolidation from service areas
- Progress of corporate property transfer to Corporate Operations [short term]
- ESRS, EBS (non-housing) & PPP transfer into Corporate Property.
- Departmental FTE's transferring into Corporate Property.
- Formation of new Corporate Property OD structure [long term]

5. Governance Arrangements

Programme Governance Structure

The governance of the programme is carefully structured with clearly defined roles for individuals; and the establishment of a series of groups, teams and boards. This ensures all team members understand their role and responsibilities, and provides a clear and auditable route for decision making and the escalation of risks and issues. The agreed governance structure of the project is intended to:

- Allow the proper flow of information regarding the programme to all stakeholders;
- Ensure the appropriate review of issues encountered within the programme;
- Ensure that required approvals and direction for the project is obtained at each appropriate stage.

Key Roles and Responsibilities

The key roles and the associated responsibilities for the AMS implementation workstream are defined as:

Senior Responsible Officer (SRO) (Andrew Kerr) – The owner of the overall business change required by the programme, ultimately accountable for delivery and the success of the programme.

Transformation Programme Director (Jim McIntyre) – Assists in guiding the Programme and helping to maintain consistency with other workstreams and dealing with escalated risks and issues as required.

AMS Programme Manager (Rob Leech) - defines the scope of the programme and monitors progress; responsible for ongoing management on behalf of the SRO.

Head of Property (Peter Watton –acting) – overall management responsibility for Corporate Property operations and ensuring business-as-usual service delivery is maintained throughout the implementation phases.

PMO and Workstream Leads (Joby Howard, Michelle Coyle, Lindsay Glasgow, Pamela Grant, Stephen Treherne) – progressing workstream activities against the agreed plan of work.

Programme Meetings

It is essential that structured and productive meetings are held throughout the course of the programme. The following programme groups, teams, and boards have been identified or established for this purpose and a full meeting schedule in provided in Appendix A.

Key Meetings:

Corporate Property Board – to provide leadership and direction/ decisions to Corporate Property. Fortnightly.

Business as Usual Management Meeting – Weekly

Corporate Property Management Meeting – to deliver tasks and implement controls including progress, quality, cost, programme, risk and change items. Fortnightly.

Weekly AMS PMO Steering Group - to provide leadership and direction/ decisions to the AMS workstream and ensure that the aims and objectives are delivered to the agreed quality, within the approved budget, and on time, without unacceptable levels of risk. Weekly (Terms of Reference provided in Appendix A).

Weekly Workstream Meetings – to deliver the programme tasks and implement controls including progress, quality, cost, programme, risk, and change items and escalate matters as required to the programme board. Weekly, as required.

Other Meetings (as required):

Finance and Resources Committee - ultimate responsibility for overseeing and assuring the programme. Quarterly.

Transformation Programme Board - to provide leadership and direction/ decisions to the programme and ensure that the aims and objectives are delivered. (Rob Leech to attend). Monthly.

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5. Governance Arrangements

A proposed revised structure for the Corporate Property function is shown below which is designed to focus efforts on the 5 key workstreams identified in the AMS Business Case as well as ensuring operational delivery is maintained. The strategy is to ensure the workstream leads are in place initially and then migrate resource across to the AMS programme as required.

CP Board:

A Kerr
J McIntyre
L McPherson
R Leech
P Watton
H Dunn
M Glover
Deloitte

Meet Fortnightly
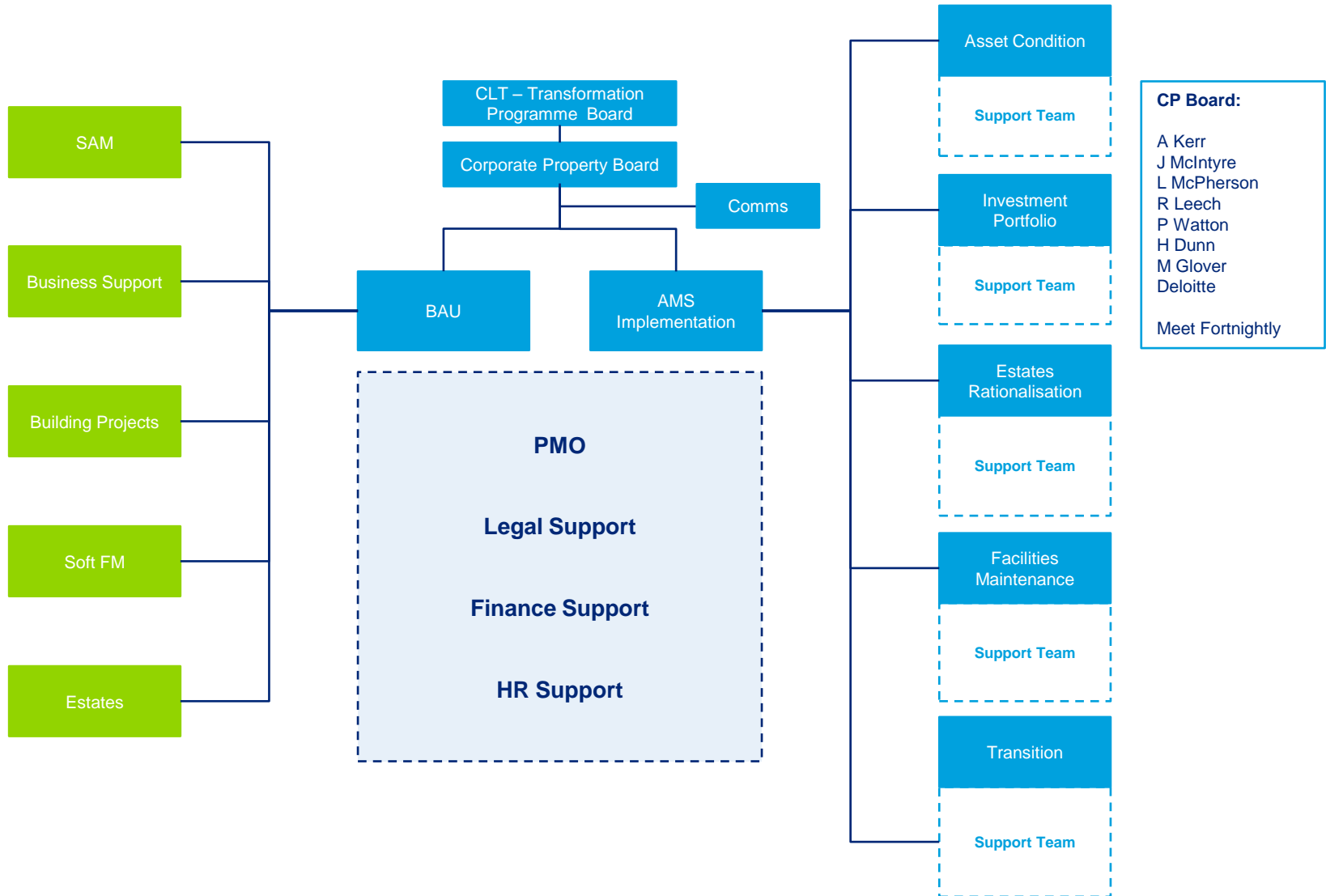
6. Stakeholders

Principal stakeholders are identified in the diagram below:

Contractors / Suppliers Consultants Trade Unions

Scottish Government Elected Members Political Groups

Transformation Programme Board

Media

Stakeholders

CEC Internal Stakeholders
SFC, Children & Families, Health & Social Care, CO, HR, IT, Finance

Partner Groups

Corporate Property Staff

Building User Groups, Landlords, Tenants
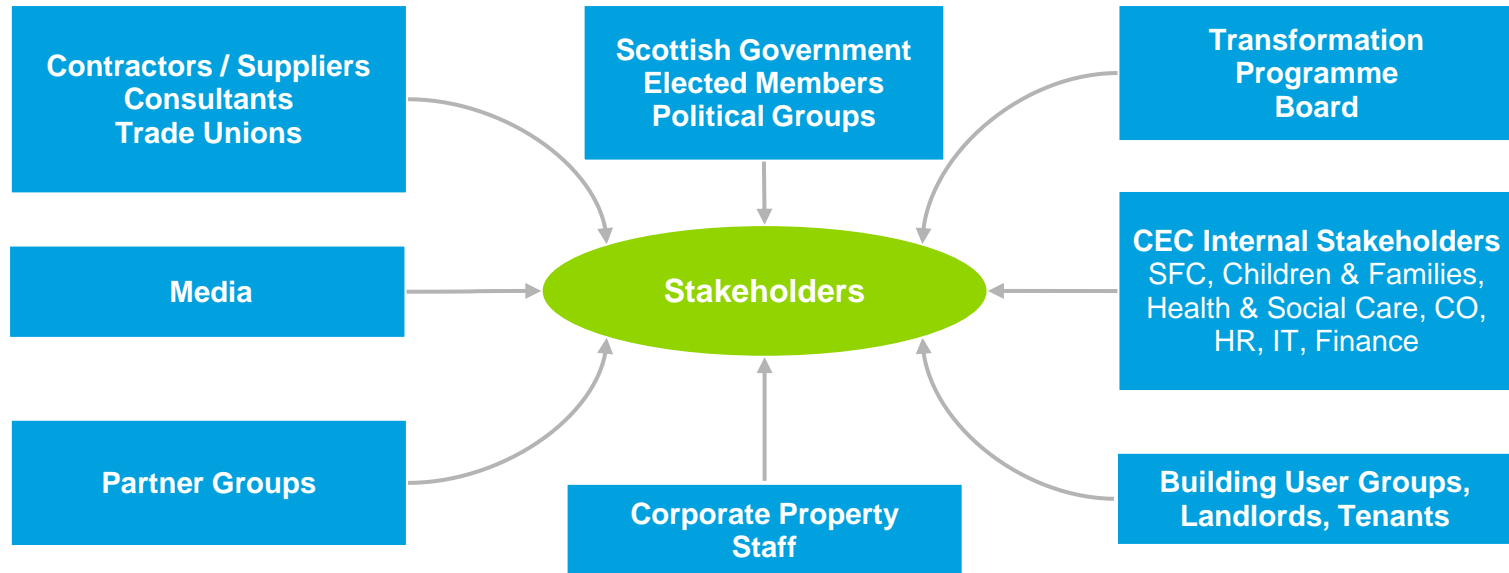
Meeting the Challenge

There are many important stakeholders who need to be engaged and informed as an integral part of the change management process.

A Communications Strategy will be developed by the Comms lead (further details in section 7) and will provide a focus and framework for stakeholder engagement. Meetings will be held on a regular basis in line with the detailed programme plan.

A full stakeholder schedule is included below.

6. Stakeholders

Investment Portfolio	Estate Rationalisation	Facilities Management	Asset Condition	Transition
Internal CEC Stakeholders Finance Housing Revenue Account (HRA) ICT Culture and sport Health & Social Care	**Internal CEC Stakeholders** Staffing Groups within CEC Managers in Service Departments ICT	**Internal CEC Stakeholders** Business Support Service Transformation Team HR ICT Finance Departmental Heads of Service Operational Managers Procurement	**Internal CEC Stakeholders** Staffing Groups within CEC (existing and transferring in)	**Internal CEC Stakeholders** Finance Corporate Property staff Shared Repairs, and Children & families PPP & FM staff HR Shared Repairs Head of Service PPP FM Heads of Service ICT
Scottish/Local Government Elected Members/ Committees Political Groups Charities	**Scottish/Local Government** Elected Members/Committees	**Scottish/Local Government** Elected Members/Committees	**Scottish/Local Government** Incl: Scottish Futures Trust Property Controls Team	**Scottish/local Government** ESRS - Councillors /elected members/ Committees F&R Committee
Building Users Building User Groups Landlords Tenants	**Building Users** Schools (as Governed by the Schools Consultation (Scotland) Act 2010, as amended in 2015.) Parent Councils Community centre committees Neighbourhood Partnerships Community Councils Secure Units/Criminal Justice Establishment Managers Tenants	**Building Users** 4 Primary Customer Groups; - Building Manager - Business Managers - Sector Representatives (Primary, Nursery and Secondary Schools only) - Directors	**Building Users** Community Representatives Establishment Managers Current Building users becoming Future Tenants.	**Building Users** FM staff transferring Establishment Managers Building departmental user groups
Contractors / Suppliers Supporting Consultants / Service Providers External Agents for Valuation External Agents for purchase/ transaction services External Agents Legal Services (transactions)	**Contractors / Suppliers** Developers – at point of disposal	**Contractors / Suppliers** Internal Supply chain - Parks and green spaces - Waste - Pest Control - Roads PPP/PFI Contractors (Amey & Mitie) External supply chain contractors	**Contractors / Suppliers** N/A	**Contractors / Suppliers** EBS non-housing staff who will transfer [EBS – will dissolve] Supply chain contractors (parks and green spaces etc)
Partner Groups Partner agencies as appropriate and necessary. 3rd Sector Organisations – specific consideration.	**Partner Groups** CEC NHS Lothian Fire Police Scotland Edinburgh College 3rd Sector IJB – Joint Board for NHS & Health & Social Care Edinburgh Partnership (represents the above group) Neighbourhood Partnership. EDI – (Development arm of CEC) at point of disposal. Edinburgh Leisure.	**Partner Groups** IJB – Joint Board for NHS & Health & Social Care	**Partner Groups** CEC NHS Lothian Fire Police Scotland Edinburgh College 3rd Sector IJB – Joint Board for NHS & Health & Social Care Edinburgh Partnership (represents the above group) Neighbourhood Partnership.	**Partner Groups**
Public Consultation Media	**Public Consultation** Schools – Statutory Consultation Requirement. Customers of front line services that are changing.	**Public Consultation** Media	**Public Consultation** Media	**Public Consultation** Media
Others	**Others** Unions	**Others**	**Others** Unions	**Finance (Transition Specific)** - SFC - Corporate Property - Corporate Governance - Health & Social Care - Capital Spend - Children & Families

7. Communications and Reporting

Communication Plan

The communication plan for AMS will be structured to support and reflect the wider arrangements for the Transformation Programme. Its purpose will be to identify, address, and reduce resistance throughout the life of AMS Implementation Programme by proactively communicating programme information. Communication, and the engagement of key stakeholders, is a key component of success.

The plan will comprise a list of activities designed to engage the organisation and address audience needs in a structured way and will create a framework for communication and encourage feedback whilst also reducing the risk of omitting key stakeholders.

Communication is a factor that will be used throughout the project to help:

- Share information about programme progress and outcomes
- Establish, manage and respond to expectations
- Provide forums for feedback
- Market the programme and build a positive profile

The final version of the Communication Plan is dependent upon the stakeholder identification and analysis set out in the previous section. Input will be used to develop the communication plan which will address the communication needs of all stakeholders by organising the information each need to receive, and the way in which it needs to be delivered.

Management Information

There is a requirement to reconfigure the management information such that the Transformation Programme Board and the Finance and Resource Committee are provided with consistent data sets flowing from each workstream.

Dashboard style reports have been developed as part of the set-up of the Programme Management Office which will report on the KPI's identified in section 4.0 for the following key workstreams:

- Investment Portfolio
- Estate Rationalisation
- Facilities Management
- Asset Condition
- Transition

Initial draft dashboard templates are provided in Appendix E.

8. Delivery Concept – Property Lifecycle

A key principle in the design of the [New Property Organisation] is to improve the management of assets and deliver a safe, right-sized and affordable estate to the Council. The diagram below illustrates how the property lifecycle is integral to the new delivery, establishing a long term and connected approach to asset management.

- Development of Demand Strategies for each key asset type
- New property governance structure established to centralise key property decisions
- [New Property Organisation] to proactively lead on estate rationalisation initiatives
- New FM and Asset Management Strategies developed
- New criteria based strategy agreed for the Investment Portfolio.

Demand Strategies

- Increased responsibility for AMS in this area:
- Business cases prepared jointly with Service Departments but owned by AMS drawing input from FM and BPM to prepare fully costed business cases that recognise the service implications of design/spec.

- Clarified role for EDI in relation to asset disposals
- Clear guidance on the retention of capital receipts to fund backlog maintenance and investment in the core estate and reinvestment for the investment portfolio.

Rationalisation

New Infrastructure

- The [New Property Organisation] will lead the project management delivery on all real estate projects in the Council.
- The consolidation of resources into one place will reduce the 'man-marking' of customer and project manager and design/build team.

Property Lifecycle — Strategy / Plan, Specify / Design, Build, Use / Maintain, Repair / Renewal, Dispose/ Acquire

- Building on the work to date new process for prioritising capital investment in the estate based on safety.
- A funded programme to address backlog maintenance on the core estate.

Asset Condition

FM Delivery

- Established Service Level Agreements with departments will increase transparency over service delivery.
- Closure of Non-Housing Edinburgh Building Services (EBS) and the use of the Council supply chain will reduce cost and improve service quality.

9. Plan of Work - Implementation

The summary plan of work for the AMS Implementation Programme is shown below. A full Gantt chart is provided in Appendix C.

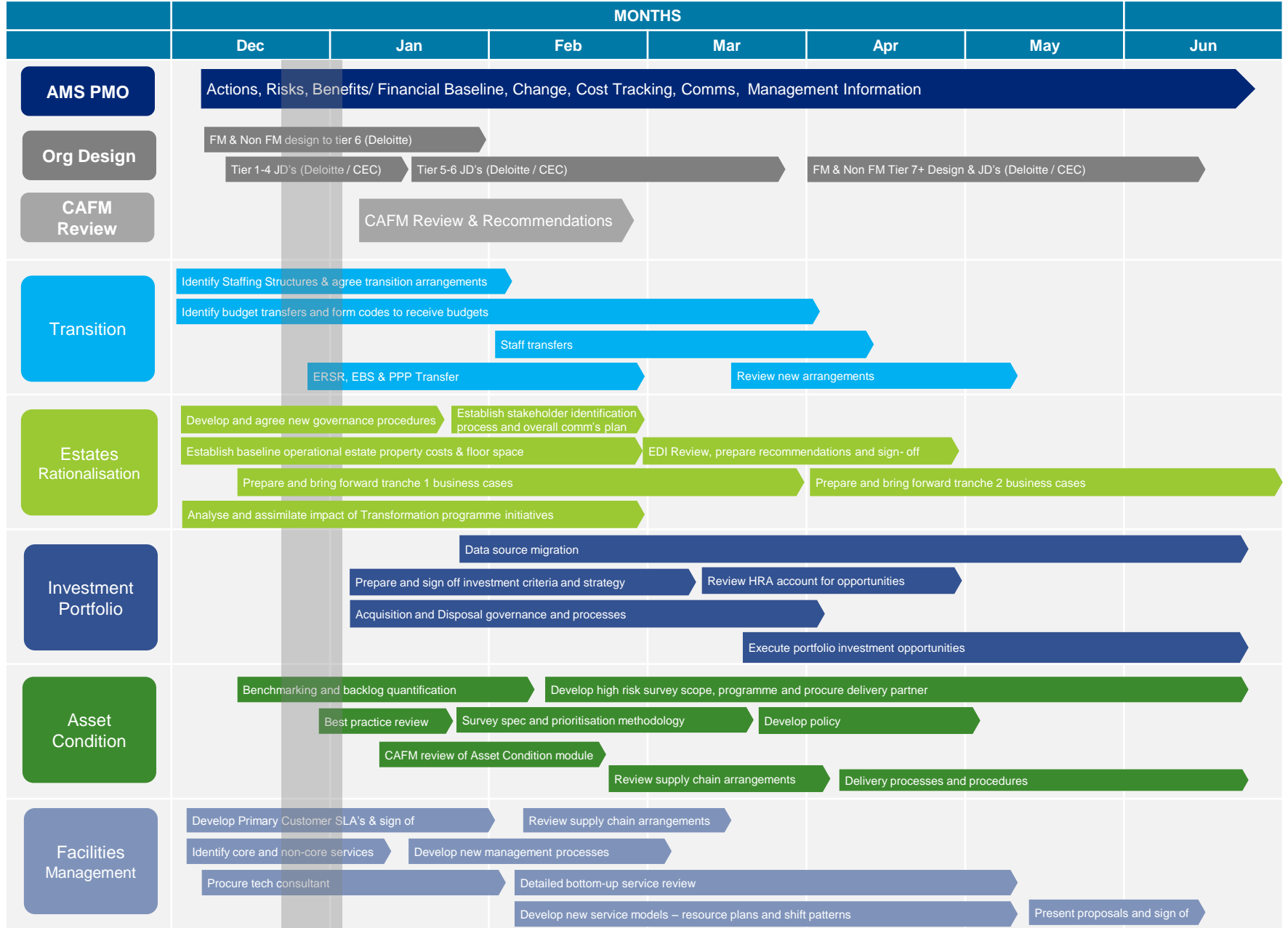|	MONTHS						
	Dec	Jan	Feb	Mar	Apr	May	Jun
AMS PMO	Actions, Risks, Benefits/ Financial Baseline, Change, Cost Tracking, Comms, Management Information						
Org Design	FM & Non FM design to tier 6 (Deloitte)				FM & Non FM Tier 7+ Design & JD's (Deloitte / CEC)		
	Tier 1-4 JD's (Deloitte / CEC)	Tier 5-6 JD's (Deloitte / CEC)					
CAFM Review		CAFM Review & Recommendations					
Transition	Identify Staffing Structures & agree transition arrangements						
	Identify budget transfers and form codes to receive budgets						
			Staff transfers				
	ERSR, EBS & PPP Transfer			Review new arrangements			
Estates Rationalisation	Develop and agree new governance procedures	Establish stakeholder identification process and overall comm's plan					
	Establish baseline operational estate property costs & floor space		EDI Review, prepare recommendations and sign- off				
	Prepare and bring forward tranche 1 business cases			Prepare and bring forward tranche 2 business cases			
	Analyse and assimilate impact of Transformation programme initiatives						
Investment Portfolio			Data source migration				
		Prepare and sign off investment criteria and strategy		Review HRA account for opportunities			
		Acquisition and Disposal governance and processes					
				Execute portfolio investment opportunities			
Asset Condition	Benchmarking and backlog quantification		Develop high risk survey scope, programme and procure delivery partner				
		Best practice review	Survey spec and prioritisation methodology		Develop policy		
		CAFM review of Asset Condition module					
				Review supply chain arrangements	Delivery processes and procedures		
Facilities Management	Develop Primary Customer SLA's & sign of		Review supply chain arrangements				
	Identify core and non-core services	Develop new management processes					
	Procure tech consultant		Detailed bottom-up service review				
			Develop new service models – resource plans and shift patterns			Present proposals and sign of	

10. Programme Controls

The Programme Management Office function will employ quantitative control processes that will assess critical project activities including:

- Controlling the scope for the project;
- Ensuring the deliverables fulfil their requirements;
- Ensuring the activities happen on time;
- Ensuring risks are managed;
- Ensuring problems and issues are identified and managed;
- Ensuring information requirements and decisions are identified and responded to.

Project Risks, Actions and Decisions Log (RAD)

The Programme Management Office will determine the most appropriate approach to minimise, or work around, any risk that have been identified, or are identified during initiation and subsequent programme stages. A RAD Log will be used as a tactical management tool, updated and monitored frequently to control the current status of the programme. The RAD log will also act as a source of record, logging events as they happen. The log can be used as a project or workstream monitoring tool, a source of accountability, and a historical record to be used in future planning. The log will also be utilised for meetings, to capture lessons learned and as a primary source of data for status reports.

A copy of the current log is provided in Appendix B. The log will be maintained throughout the programme as part of the programme management office function.

Change Control

All proposed changes that affect approved deliverables, cost or timings will be dealt with under the Transformation Programme Change Control Process set out in Appendix D.

Financial Control – Implementation Costs

Implementation costs will be monitored through a Financial Tracker for all implementation costs (excluding CEC staff costs) related to the AMS Implementation Programme. Financial savings and benefits will be monitored through the AMS dashboard reports.

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Programme Controls: Implementation Risks

There are a number of significant risks of implementing the programme, some of which are inherent and can be mitigated but not removed entirely. A full risk register is provided in Appendix B.

Risk	Description	Impact	Mitigation
🟥	**Financial savings are insufficient to meet budgets**	The new organisation faces challenges around the delivery of a comparable level of service to the users of the estate within a reduced cost envelope and budgetary pressures may force cuts in front line services	Establish and agree service levels with key estate stakeholders within the affordability envelope
🟥	**Insufficient transformation programme resources including investment in skills, retraining and recruitment of new management staff**	The current workforce will not have the skills and training needed to deliver the transformation programme and, following implementation, the defined level of service as expected by estate users, leading to a poor level of customer satisfaction and potential increased costs from failure to execute tasks in an efficient manner	Ensure sufficient investment is approved in funding the transformation of the workforce and strict governance around the implementation of skills and retraining
🟥	**The implementation of CAFM is delayed or not available**	The lack of management information can delay or prevent key management decisions from taking place within each of the AMS workstreams and therefore lead to delays in achieving savings	Establish a detailed implementation plan that includes a robust assessment as to the suitability of the system in its ability to inform forward and reactive maintenance
🟥	**Governance and senior sponsorship**	Changes in personnel at a senior level (SRO, Programme Director, Programme Manager) affects strategic direction, decision making and the momentum of the implementation programme	Identify new SRO and develop contingency plan around other senior roles
🟥	**Stakeholders do not approve changes (e.g. SLA's and building closures)**	If changes are unapproved, savings within the programme will not be achieved leading to increased pressures on budgets and potentially front line services	Early stakeholder engagement with key stakeholders affected by changes
🟨	**Transformation Programme dependencies**	Developments and decisions in the Transformation Programme work streams, particularly CLS, BSS and Channel Shift may impact property / estate initiatives	Alignment via the Transformation Programme PMO and continuous monitoring and engagement
🟨	**The procurement of external technical expertise to provide the optimal cost and quality of soft FM services is not approved**	The delivery of soft FM will continue to be cost inefficient without a detailed appraisals of the how service delivery requirements can be achieved in the most optimum way	Approval of external technical expertise
🟩	**The migration of property and property related budgets to the new organisation does not occur**	The lack of control around property and property related budgets will result in potential exposure to increased costs caused by decisions made outside of the new organisation and failure to recognise future savings made in property and property related services	Ensure that the transition workstream is fully effective, through PMO support, to deliver the transfer of budgets in a timely manner.

🟥 **High Risk**   🟨 **Medium Risk**   🟩 **Low Risk**

Appendix A - Meeting Schedule & Terms of Reference

AMS Implementation Programme Meeting Schedule

No	Meeting Group	Meeting Name	Frequency	Attendees	Inputs
1	Committee	Finance and Resources Committee (F&R)	Monthly (Transformation Programme reporting bi-monthly)	No current requirement for AMS personnel to attend, requirement to be clarified at November F&R.	No current requirement for AMS Implementation update reports, requirement to be clarified at November F&R.
2	Committee	Governanace Risk and Best Value (GRBV)	Monthly	No current requirement for AMS personnel to attend.	No current requirement for AMS Implementation update reports.
3	Council	Budget Core Group	Weekly	No current requirement for AMS personnel to attend.	No current requirement for AMS Implementation update reports.
4	Stakeholder	Checkpoint Group	Monthly	No current requirement for AMS personnel to attend.	No current requirement for AMS Implementation update reports.
5	Stakeholder	Trade Union Group	Weekly	No current requirement for AMS personnel to attend.	No current requirement for AMS Implementation update reports.
6	Transformation Programme	Weekly Transformation Programme PMO Meeting	Weekly	Susan Brown (representing AMS)	No inputs required
7	Transformation Programme	Tranformation Programme CLT	Monthly	Andrew Kerr, Alastair Maclean, Gillian Tee, John Bury (until new Director starts), Greg Ward, Michelle Miller, Hugh Dunn, Lesley MacPherson, Martin Glover Jim McIntyre, Kirsty-Louise Campbell and Jim Hunter, Rob Leech to attend as required, (others TBC)	Status updates (Dashboards)
8	Senior Leadership	Corporate Property Board	Fortnightly	Alastair Maclean, Jim McIntyre, Peter Watton, Rob Leech, Hugh Dunn, Lesley MacPherson, Kathy McLauchlan, Vicky Smith, Stephen Treherne	
9	Senior Leadership	Business as Usual Management Meeting	Fortnightly	Peter Watton, Helen Allan, Lindsay Glasgow, Patrick Brown, Graeme Tully, Gohar Khan, Audrey Dutton	No current requirement for AMS Implementation update reports.
10	Senior Leadership	Corporate Property Management Meeting	Weekly	Jim McIntyre, Rob Leech, Peter Watton.	No formal report required
11	Workstream Meetings	AMS Weekly PMO Steering Group Meeting	Weekly	Rob Leech, Rebecca Andrew, Stephen Treherne, Lindsay Glasgow, Joby Howard, Pamela Grant, Susan Brown, Kathy McLauchlan, Michelle Coyle	Standing Agenda to be confirmed
12	Workstream Meetings	Estate Rationalisation Workstream Meetings	As required	Lindsay Glasgow, Ruth Macdonald, K Moore, L Murray, S Aslam, E Baker	TBC
13	Workstream Meetings	Investment Portfolio Workstream Meetings	As required	Pamela Grant, M Bullock.	TBC
14	Workstream Meetings	Asset Condition Workstream Meetings	As required	Joby Howard, Patrick Brown, Murdo Macleod, John Clarke.	TBC
15	Workstream Meetings	Facilities management Workstream Meetings	As required	Stephen Treherne,	TBC
16	Workstream Meetings	Transition Workstream Meetings	As required	Michelle Coyle, Rebecca Andrew, Susan Brown, Gohar Khan, Haroon Akram, Kathy McLauchlan.	TBC

AMS PMO Steering Group

Chair	Members
Rob Leech	Rob Leech, Rebecca Andrew, Stephen Treherne, Lindsay Glasgow, Joby Howard, Pamela Grant, Susan Brown, Kathy McLauchlan, Michelle Coyle, Communications Lead

Frequency	
Weekly	NB: Minimum 3 members required for quorum

Terms of Reference

- To monitor the progress of the Programme against the agreed plans and approaches and to identify any issues in relation to this so that corrective action can be taken
- To review and monitor the Key Performance Indicators and other metrics reported to the Transformation Programme Board and to identify any issues so that corrective action can be taken
- To allocate resources as required to ensure the efficient and timely delivery of the programme
- To allocate actions and matters for consideration to the workstreams
- To ensure that a robust and documented approach is in place for completing the scope of work to be undertaken by each project and workstream within the programme
- To make decisions and provide direction on matters escalated from the Operations and Change programme meetings.
- To identify and formally record actions, issues and risks in relation to the programme and ensure appropriate action is taken by a named representative in a timely manner
- To review key weekly issues arising from customer contact relating to specific cases
- Discuss and refer any major changes to the programme
- Maintain a visible and sustained commitment to the Transformation Programme and manage internal and external communications
- To escalate changes to the programme, decisions, risks and issues to the Transformation Programme Board as appropriate
- To process any other items of business which sit outside of the standing agenda
- To formally record and distribute decisions and actions

Administration

All matters will be recorded and monitored via the Risk, Actions and Decisions (RAD) log which will be maintained by the PMO.

Appendix B - RAD Log

Appendix C – Programme Gantt Chart

Appendix D – Transformation Programme Change Control Process

Transformation Programme

Change Control Process

March 2015

Change control overview

- All proposed changes that affect scope, approved deliverables, cost, timings or benefit realisation assumptions/data will be dealt with under the Change Control Process

- A change request can be raised by anyone working on the programme using the Request For Change (RFC) template provided by the PMO

- Any proposed changes will be escalated firstly to the PMO for consideration, followed by the Programme Director then Programme Board if required and finally the Finance & Resources Committee

- The Change Control process is intended to introduce any changes to the Programme in a controlled and co-ordinated manner

- It will ensure that each change proposed is properly defined, considered and approved before implementation. This makes sure no unnecessary changes are made, services are not disrupted and resources are used efficiently

- Further detail on the Change Control Process can be found in the Change Control Plan

The Five Stages of the Change Control Process

There are 5 key stages to the change control process:

1. Proposing a Change
2. Summary of Impact
3. Decision
4. Implementing a Change
5. Closing a Change

High level change control process

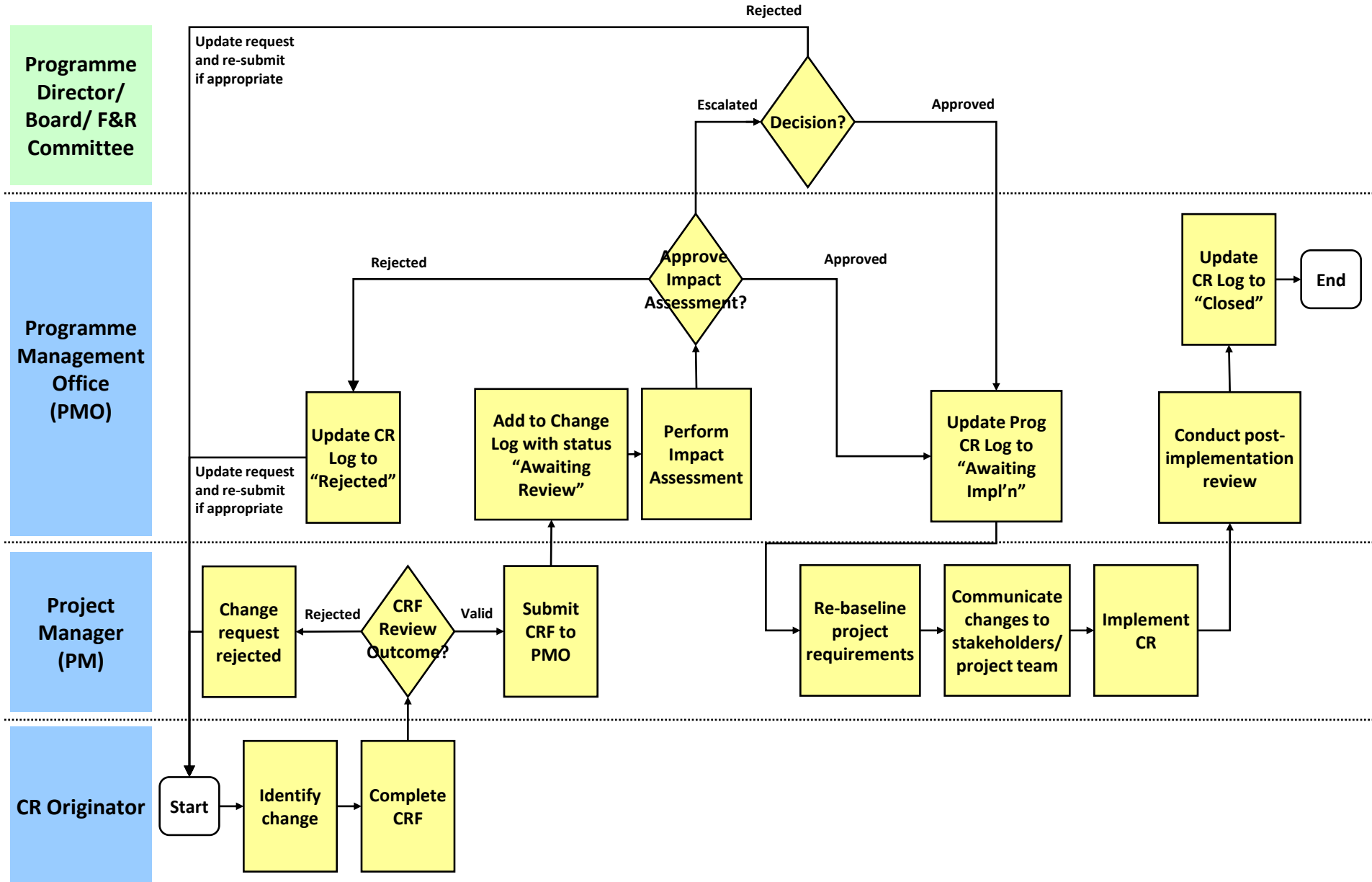|		
1. Proposing a change	Anybody in the programme team can submit a change using the Request For Change (RFC) template. The proposed change will include a description and summary of the expected benefits, the change will also be added to the Change Log by the PMO	
2. Summary of impact	This process is carried out by the Programme Management Office, who will consider the overall impact on the project. They will consider the reason for the change, the cost and benefit, any legal or regulatory pressure, programme impact and risks and issues.	
3. Decision	The decision process involves a review of the change request by the Change Control Board. Changes are escalated to the Programme Director, then the Programme Board & F&R Committee if necessary. At each stage the change is accepted, rejected or escalated to the next stage.	
4. Implementing a change	If the change is approved it is planned, scheduled and implemented at a time agreed with the stakeholders. After implementation it is usual to carry out a post-implementation review.	
5. Closing a change	When the requester agrees the change is implemented correctly, the change is closed in the Change Log.	

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THE CITY OF EDINBURGH COUNCIL

Change control process map

Programme Director/ Board/ F&R Committee

Update request and re-submit if appropriate

Rejected

Decision?
- Escalated
- Approved

Programme Management Office (PMO)

Approve Impact Assessment?
- Rejected
- Approved

Update request and re-submit if appropriate

Update CR Log to "Rejected"

Add to Change Log with status "Awaiting Review"

Perform Impact Assessment

Update Prog CR Log to "Awaiting Impl'n"

Update CR Log to "Closed" → End

Conduct post-implementation review

Project Manager (PM)

Change request rejected

CRF Review Outcome?
- Rejected
- Valid

Submit CRF to PMO

Re-baseline project requirements

Communicate changes to stakeholders/ project team

Implement CR

CR Originator

Start → Identify change → Complete CRF

Appendix E – Management Information Dashboards

Asset Management Strategy (AMS)
Progress update 10 December 2015

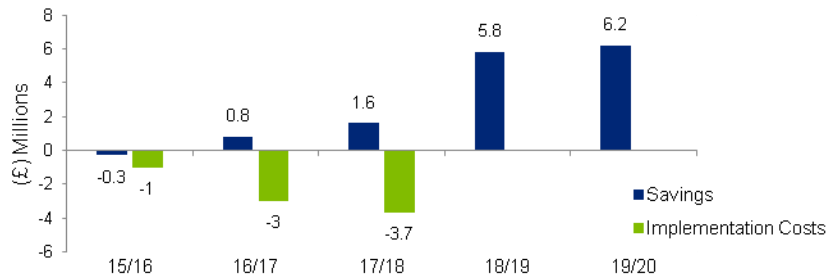| Previous Progress RAG	Current Progress RAG	Capability Maturity Rating
RED	AMBER	

Completed

- AMS programme set up
- Programme Management Office set up and development of Programme Initiation Document (PID)
- Completion of new organisation service blueprint
- Completion of detailed implementation plan
- Commencement of organisational design work
- Transition workstream established to oversee transfers of people, budgets and move from SfC to Corporate Resources – links established with BSS
- Discussions with potential technical consultants for FM workstream
- Preparation of F&R (January) Report
- Agreement of next phase scope and resource with Deloitte

Planned

- Approve PID at Corporate Property Board
- Presentation of blueprint to CLT
- Continue with organisation design and confirm timescale for consultations
- Agree and progress procurement route for appointment of technical consultant
- Confirm detailed timeline for transition milestones
- Commence preparation of new summary Service Level Agreements (SLA's)
- Completion of asset condition benchmarking exercise
- Commence level 2 process design work across all workstreams
- Commence preparation of investment strategy
- Commence design of new governance and decision arrangements for estates rationalisation workstream

Asset Management Savings Per Year

Bar chart — (£) Millions by financial year, Savings (dark blue) and Implementation Costs (green):
- 15/16: Savings -0.3, Implementation Costs -1
- 16/17: Savings 0.8, Implementation Costs -3
- 17/18: Savings 1.6, Implementation Costs -3.7
- 18/19: Savings 5.8
- 19/20: Savings 6.2

Financial Year	15/16	16/17	17/18	18/19	19/20
Savings	-0.3	0.8	1.6	5.8	6.2
Implementation Costs	-1	-3	-3.7		
Net Saving	-1.3	-2.2	-2.1	5.8	6.2
Cumulative Saving	-1.3	-3.5	-5.6	0.2	6.4

PROJECT RISKS	MITIGATION	RAG
Financial savings are insufficient to meet budgets	The new organisation faces challenges around the delivery of a comparable level of service to the users of the estate within a reduced cost envelope and budgetary pressures may force cuts in front line services	RED
Insufficient transformation programme resources including investment in skills, retraining and recruitment of new management staff	The current workforce will not have the skills and training needed to deliver the transformation programme and, following implementation, the defined level of service as expected by estate users, leading to a poor level of customer satisfaction and potential increased costs from failure to execute tasks in an efficient manner	RED
The implementation of CAFM is delayed	The lack of management information can delay or prevent key management decisions from taking place within each of the AMS workstreams and therefore lead to delays in achieving savings	RED
Governance and senior sponsorship	Changes in personnel at a senior level (SRO, Programme Director, Programme Manager) affects strategic direction, decision making and the momentum of the implementation programme	RED
Stakeholders do not approve changes (e.g. new SLA's)	If changes are unapproved, savings within the programme will not be achieved leading to increased pressures on budgets and potentially front line services	RED

		December	January	February	March
1	Tiers 2-6 org design & JD's		On track		
2	Procure technical consultant	In progress			
3	Prepare summary SLA's	In progress			
4	Confirm transition milestones	In progress			
5	CLT presentation		◆		
6	Further response to F&R	In progress	◆		
7	Workstream activities	On track			

Project Dependencies

Key dependencies on BSS, CLS and OD workstreams in terms of staff/budget transfers and impact on the operational estate.

Key: On track | In progress | Attention

Investment Portfolio

Workstream Dashboard as of XX XXXXX XXX

Workstream Dashboards in Development

Overview of Progress

Text

KPI Tracking

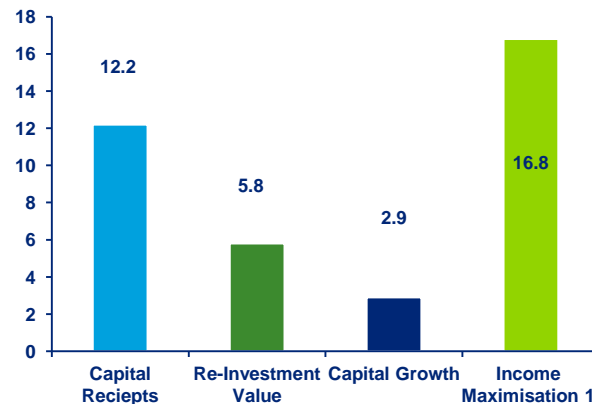| KPI	RAG	COMMENTS
Capital receipts from disposals	🟩	Progress on track with results as projected during previous reporting period
Value of re-investment projects	🟨	Progress lagging behind forecast due to unforeseen factors, recoverable within the next reporting period.
Capital Growth	🟥	Progress significantly below forecast, significant steps needed to recover.
Income Maximisation 1	🟩	(Rent reviews and reduction of concessions) Text
Income Maximisation 2	🟩	(Reduction in investment portfolio vacancy rates) Text

Information Required / Dependencies

1. Text
2. Text
3. Text

Key Planned Activities

1. Text
2. Text
3. Text

Investment/ Transaction Tracking

	Value
Capital Reciepts	12.2
Re-Investment Value	5.8
Capital Growth	2.9
Income Maximisation 1	16.8

Key Risks

Risk ID	RAG
01 Text	🟩
02 Text	🟨
03 Text	🟥
04 Text	🟩
05 Text	🟩