

Finance and Resources Committee

10.00am, Thursday 9 June 2016

AMS Transformation Programme - Update

Item number	7.2
Report number	
Executive/routine	
Wards	

Executive summary

This report provides a general progress report to the Finance and Resources Committee on the implementation of the Asset Management Strategy for Property and Facilities Management.

Links

Coalition pledges
Council outcomes
Single Outcome Agreement

AMS Transformation Programme - Update

Recommendations

- 1.1 That the Committee:-
 - 1.1.1 Notes the continued progress in each of the key AMS Transformation Programme work streams;
 - 1.1.2 Notes the development and content of the Management Information dashboard reports and Milestone Programme provided in Appendix A and B;
 - 1.1.3 Notes the proposal to accelerate the building survey programme so that it is completed within 12 month; and
 - 1.1.4 Notes the Benefits Realisation Tracker is currently being developed and populated to create a revised baseline for savings.

Background

- 2.1 The “Asset Management Strategy” (AMS) is an ongoing transformation programme 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 The AMS Transformation Programme 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 This paper provides an overview of the status of the programme and the work completed over the last period.

Main report

- 3.1 Good progress has been made through April and May across the five AMS work streams. A summary of progress is provided below and the Management Information dashboards containing further information and KPI's are provided in

Appendix A. A detailed review of the AMS risk register has been completed in accordance with agreed risk ratings guidance. The register illustrates a number of red risks which are a function of likelihood and impact before mitigation actions have been considered or progressed, and serve to highlight the importance of these risks. Mitigation actions which are planned or in progress to address each risk are described in the register and continue to be monitored and updated.

- 3.2 During this reporting period a detailed review of key activities and milestones has been completed across all of the AMS workstreams. A detailed Gantt chart has been produced along with a summary milestone programme, which both serve as live documents for the purposes of monitoring progress through to the launch of the Property and Facilities Management Service. The summary milestone programme is provided at Appendix B.

Transition

- 3.3 The consultation period for the formal organisational review for tiers 3 and 4 closed on 11th April 2016. Final feedback and amendments to proposals have been made and decisions on VR advised. Matching and assignment is underway with internal appointments expected by the end of May.
- 3.4 Given there are a significant number of staff in Facilities Management who will be unavailable for consultation during the school summer holidays, a decision has been taken, in consultation with the Trade Unions, to split the next phase of organisational review into two phases.
- 3.5 Phase 2, which will include non-Facilities Management staff below tier 4 is scheduled to commence at the end of June 2016. Phase 3, which includes all Facilities Management staff below tier 4, will begin at the end of August 2016. Re-phasing organisational reviews will aim to deliver an operational structure by November 2016. This takes account of the summer holidays and time required for any external appointments.
- 3.6 The AMS team has taken the decision to delay the staff transfers related to Facilities Management currently managed within Communities and Families and the Integrated Joint Board. These staff will therefore no longer be part of phase 3 of the organisational review. It was considered prudent to consider the risks and benefits of these staff transfers once the new service is operational and therefore a further review will now be undertaken at some time in the future when the re-designed facilities management function has had time to bed in.
- 3.7 Budget transfers to consolidate Property and Facilities Management spend across the Council into a single budget are also underway. These transfers aim to enable greater visibility of property costs and reduce internal recharges.

Estates Rationalisation

- 3.8 Outline business cases for exiting Lothian Chambers and 329 High Street were considered at the CLT Transformation Board in March and further work is now underway to develop proposals to accommodate staff and services into 249 High Street. As this work develops further details will be brought to Committee.
- 3.9 A consultation strategy is being developed for the Wester Hailes place based approach. Initial public engagement is proposed at the end of May through the Living Well Group, and a public workshop in June. This will help shape the detail of the proposals to allow development of a full business case over the summer, with subsequent formal consultation and reporting in the autumn.
- 3.10 An initial viability study for the Leith Partnership Centre is nearing completion, bringing together joint agencies onto a single site, to determine whether there is merit in developing this prospect further. Discussions are also ongoing with Twenty-first Century Homes regarding their proposals for redeveloping Muirhouse shopping centre, including the library, and a study is being undertaken as to the best location for a library service to serve this area (including co-located opportunities).
- 3.11 The rationalisation of the depots estate has advanced with the establishment of a Project Board to oversee the delivery of the required new facilities at three key sites to allow the exit and consolidation of services from existing sites. It is anticipated that it will take three years to deliver the new facilities and allow the full implementation of the depots estate rationalisation.
- 3.12 The estates rationalisation programme is heavily dependent on service area and locality demand strategies being developed. Given the current programme for moving to localities is only just getting underway there is likely to be a delay in these demand strategies being developed and this in turn will impact on the timing of any potential rationalisation savings. The rationalisation team is also supporting each of the Council's service areas at half day 'embedding transformation' workshops set up by the Transformation Programme, which are helping to articulate each service's property requirements and key priorities.
- 3.13 In addition, a number of reports have been considered at the May meeting of Education, Children and Families Committee setting out demand requirements and proposed solutions for the schools estate. The strategic asset management team will work closely with Communities and Families to ensure that proposals are consistent with the wider strategy to manage property demand strategies in a holistic manner, and to fully evaluate the consequences of the proposed changes to the estate.
- 3.14 The Council is also working with the NHS to identify a venue to house the homeless team who provide direct services for the homeless, including GP, dentistry and podiatry services. A business case will be developed once the initial options have been scoped.

Investment Portfolio

- 3.15 The draft strategy for the Investment Portfolio is currently being developed. It highlights the dependences on Stakeholder support, particularly in relation to concessionary rents, disposal strategy to achieve best value and timescales for delivery, and sets out how resultant financial savings will be tracked. It proposes that individual business cases are brought forward as each set of proposals are developed in detail.
- 3.16 The emerging strategy also highlights the need to invest in an appropriate IT software system to allow the Estates Team to report on KPI's and improve on rent and service charge collection.
- 3.17 Business as usual continues to be maintained with the portfolio rental income increasing by 7% over financial year 2015/16.

Asset Condition

- 3.18 It is clear that the Council's current approach and budget provisions relating to asset condition and maintenance is not sufficient to address the backlog maintenance requirements, estimated to be circa £20m per annum over the next 5 years. Failure to address the backlog maintenance and adopt a more sustainable proactive and planned approach to will continue to present a serious and significant corporate risk. Condition surveys will dictate the prioritisation and timing of these works, including the profile of the annual spend, by applying a risk assessment based approach.
- 3.19 In response to this, the Asset Condition working group has completed a forward strategy relating to asset condition and maintenance which was approved by the Corporate Leadership Team in March 2016.
- 3.20 This CLT approved a plan of work focussed around the following key tasks:
- a. Continue work with estate rationalisation and finance colleagues to profile estimated capital receipts against projected expenditure;
 - b. Complete an assessment of expediting the survey programme with external resource to improve the quality of asset condition data;
 - c. Continue with the programme of rope access surveys and complete any identified remedial work across all high risk assets;
 - d. Engage with ICT colleagues to complete a review of the CAFM system and ensure the system meets the requirements and functionality of future asset condition recording and capital prioritisation and planning; and
 - e. Begin work, using existing data sets, to plan revised capital works programmes from 2017 onwards.
- 3.21 In progressing task b) above, it was identified that the quality of the asset condition data currently held by the Council is variable, fragmented and in some areas very poor.

- 3.22 In 2015, an in-house team of surveyors was established with the remit of undertaking comprehensive asset condition surveys across the entire operational estate on a rolling 5 year programme. The first full year of surveys have commenced, however it will be a further 4 ½ years until full and accurate condition data is in place for the whole estate.
- 3.23 An options appraisal has been completed and a preferred option identified to respond to the backlog maintenance. This option expedites the survey programme by undertaking 80% of the Gross Internal Area (GIA) of the estate via an external delivery partner and retaining the internal team to continue surveying 20% of the estate on a rolling programme.
- 3.24 The preferred option will deliver fully updated asset condition information within 12 months, which will greatly improve the quality of available management information and enable better planning and prioritisation of capital works via the new CAFM system.
- 3.25 Whilst not specifically budgeted for previously, the external survey costs (estimated at £900k) can be funded from the overall AMS implementation budget already approved.
- 3.26 It is intended to proceed with the preferred option and the progression of the following activities:
- a. Development of a brief, specification and tender document for the contract.
 - b. Identify pre-survey information requirements and mobilise a team to collate this for all properties to be surveyed.
 - c. Investigate the appropriate framework, tender list and issue PQQ and Invitation to Tender Documents.
 - d. Continue with work to mobilise the CAFM system to ensure it is system ready to accept the new survey data.

Facilities Management (FM)

- 3.27 The FM Service Level Agreement (SLA) has been drafted, and there is ongoing consultation with Service Customers to define scope and collate feedback and comments on service standards
- 3.28 The team is continuing to design the service delivery models for soft FM services due for completion by the end of May.
- 3.29 FM processes continue to be developed alongside the design of the future organisation structure to document and improve ways of working.

Next Steps

- 3.30 The following are the activities planned during the next reporting period:
- a. Complete the matching and assignment for Phase 1 of the organisational review.

- b. Continue budget transfers to consolidate Property and Facilities Management spend across the Council.
- c. Complete the design and preparation to enable the next two phases of the organisational review to begin in June (Phase 2) and August (Phase 3). This includes completion of the analysis and assessment of current service models and the processes for FM.
- d. Complete the review of the CAFM system to ensure the system meets the requirements and functionality of the new service going forward.
- e. Commence the detailed engagement for each of the outline business cases approved at the Property and Facilities Management Board.
- f. Develop the financial information for the Estate Rationalisation pipeline.
- g. Complete the services engagement to define accommodation demand strategies at a high level.
- h. Further development of the Investment Portfolio strategy including establishing the possibility of a land swap for Housing Revenue Account (HRA) investment properties.
- i. Progression of the procurement process for the required asset condition surveys
- j. Continue Directorate engagement and finalise new SLA's

Measures of success

- 4.1 The AMS business case identified significant financial and non-financial benefits associated with the asset management and Property and Facilities Management function that are in line with the wider objectives of the Council's Transformation Programme.
- 4.2 A benefits tracker has been designed to monitor the qualitative and non-qualitative benefits of the AMS Transformation Programme and, where possible, the corresponding implementation costs associated with the initiatives. Although AMS aims to principally deliver revenue savings targets through estate rationalisation, organisational redesign and investment portfolio initiatives, there are also consequential impacts on the capital budget that also need to be monitored. This includes, for example, capital requirements as part of any implementation costs and capital receipts from any proposed disposal initiatives.
- 4.3 The benefits tracker therefore tracks the revenue and capital implications of any financial savings initiatives. These benefits, along with qualitative impacts, have been categorised into the following three areas:
 - 1. Direct cashable savings e.g. reduced operating costs from closure of a building;

2. Non-cashable efficiencies e.g. the reduction in required revenue maintenance spend as a result of the building closure (which is then redeployed); and
 3. Qualitative benefits e.g. improved customer satisfaction in relocating a service to a property that is more fit for purpose.
- 4.4 The benefits tracker has been populated based on emerging findings to date. Further work is currently underway to refine initiatives in all workstreams and, once respective milestones have been reached across these workstreams, the benefits tracker will be fully populated and act as a baseline from which the benefits can be measured.
- 4.5 It is worth noting that staff, leaving under VERA arrangements, has generated £630k of recurring savings which will assist in achieving the overall savings targets. Additionally the renting of Waverley Court to CGI has also generated an annual income of ~£180k.
- 4.6 The Management Information dashboards provided in Appendix A have been developed to track key KPI's across the AMS work streams.

Financial impact

- 5.1 The total budget for AMS implementation is £7.7m, of which £3.4m has been allocated for external support. Expenditure committed up to July 2016 totals £1.5m, leaving £1.9m uncommitted. Ongoing external support up to AMS implementation to December 2016 is estimated at £0.95m and building condition surveys will amount to £0.9m. These sums can be contained within the remaining budget for AMS external support.

Risk, policy, compliance and governance impact

- 6.1 During this reporting period a detailed review of the AMS risk register has been completed by way of a cross workstream workshop considering headline risks, and subsequent review and reflection by individual workstream leads. Likelihood and impact scoring and overall ratings have been reviewed and updated where appropriate.
- 6.2 Key delivery risks are provided in the Management Information dashboards provided in Appendix A.
- 6.3 The top delivery risks currently include:
- There is a risk that a lack of stakeholder and political support for the Property and Facilities Management Transformation proposals leads to a failure to deliver the agreed cost savings.

- There is a risk that a lack of capital funding, due to budget constraints, leads to the Councils inability to reduce the backlog maintenance across the estate.
- There is a risk that a delay to the implementation of CAFM impacts on the delivery of the Blueprint and cost savings profile.
- There is a risk that resistance from other Council services to new property strategies and service standards leads to a failure to deliver the required cost savings.

Equalities impact

- 7.1 The contents and proposals of this report have been assessed with respect to the Equality Act 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, 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 greenhouse 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

- 9.1 Communications have been established with the Trade Unions and regular meetings are held in relation to transformation. Engagement across the Council is also underway in relation to the re-design of the FM function and the development of Service Level Agreements.

Background reading/external references

Please refer to [September 2015](#), [November 2015](#), [January 2016](#) and [March 2016](#) Finance & Resource Committee papers.

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Links

Finance and Resources Committee – 9 June 2016

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	<p>SO1 - Edinburgh's Economy Delivers increased investment, jobs and opportunities for all</p> <p>SO2 - Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health</p> <p>SO3 - Edinburgh's children and young people enjoy their childhood and fulfil their potential</p> <p>SO4 - Edinburgh's communities are safer and have improved physical and social fabric</p>
Appendices	<p>Appendix A – Management Information Dashboard</p> <p>Appendix B – Milestone Programme</p>

APPENDIX A

Workstream Dashboard as of 06 May 2016

Previous Progress RAG	Current Progress RAG	Capability Maturity Rating

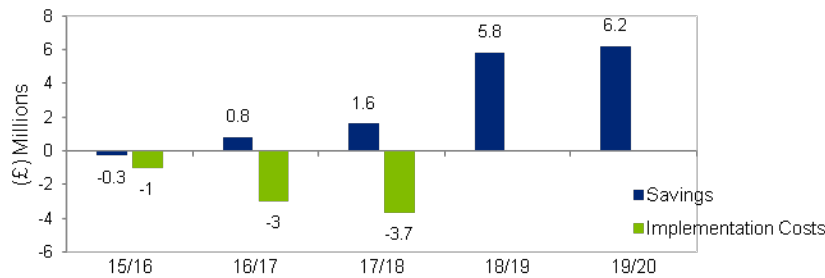
Completed

- Service Level Agreements (SLAs) review by technical consultant (Arcadis) ongoing.
- Consolidated responses to Directorate SLA questions.
- Tier 3 and 4 formal consultation has completed 11 April 2016.
- Tier 5+ org design ongoing.
- First tranche of Estate Rationalisation business cases developed and submitted to Property and Facilities Management board.
- Asset Condition and Maintenance strategy developed and submitted to Council Leadership Team.

Planned

- Continuation of tier 3&4 post consultation activities.
- Continue process design work across all workstreams.
- Budget transfers for transitioned services ongoing following 1st April 2016.
- Continuation of tier 5+ org design in two phases.
- Develop Investment Portfolio strategy for submission to May 2016 Property and Facilities Management board.
- SLA scoping sessions being arranged with Directorate.
- Valuation of HRA Portfolio to be undertaken.

Asset Management Savings Per Year



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
STAKEHOLDER / POLITICAL SUPPORT There is a risk of failing to secure stakeholder and political support for property and facilities management transformation proposals resulting in a failure to deliver the anticipated savings.	Ensure the programme has support from Senior Sponsors, within the Council and utilise this support to achieve political buy in to the initiatives and recommendations.	Yellow
BACKLOG MAINTENANCE CAPITAL There is a risk that a lack of capital availability affects the ability to reduce the backlog of maintenance across the operational estate.	An asset condition and maintenance strategy paper has identified estimated backlog maintenance requirements and has recommended further actions.	Red
CAFM MOBILISATION Risk of delays to CAFM mobilisation having impact on new FM process and implementation of new service standards	CAFM to be operational once SLA goes live and new FM processes established. Additional CAFM resources to be established.	Yellow
RESISTANCE TO PROPERTY STRATEGIES Risk of other Council services resisting property strategy leading to failures to deliver the required cost savings.	Engage with AMS PMO and management. Implement blueprint, i.e. ensure demand strategies are provided to inform, and escalate if required. Identify areas where data or support is required to be communicated by ER W/stream lead to management teams.	Red
SERVICE AREA BUY-IN Risk of service areas not accepting new service standards leading to working around newly implemented standards. This will result in benefits from the new SLAs not being fully realised. e.g. Head teachers not directly engaged in the process.	Ongoing interaction with Service Areas to collate feedback and concerns. Ensure senior support/endorsement during SLA briefings and sign off. Implement new service level performance processes to ensure buy-in is retained during early stages of SLA roll-out.	Yellow

		March	April	May	June
1	Technical service review				
2	Directorate SLA presentation		Green Diamond		
3	Investment Portfolio Strategy				
4	Asset Condition Survey Report			Green Diamond	
5	Phase 2 Job Descriptions				
6	Phase 2 Structure sign off (CLT)				Green Diamond
7	Estate Business Case engagement				

Key: On track In progress Attention

Project Dependencies

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

Estates rationalisation key dependency on localities model.



Overview of Progress

Staff transfers from C&F and H&SC removed from the scope of the current review – to be re-visited in 2017. The formal Organisational Review for tiers 3&4 closed on 11/04/16 and matching and assignment is now underway. Implementation plan updated to reflect 3 phases of review, change management activities are being designed around new target dates. Budget transfers now underway and expected to be substantially complete by the end of May. Re-phasing organisational reviews will aim to deliver an operational structure by November 2016. This takes account of the summer holidays and time required for any external appointments.

KPI Tracking

KPI	RAG	COMMENTS
No. FTE's delivering corporate property services	■	Phase 1 org review underway. Remaining FTE reductions to inform Phase 2 & 3 design
Budget consolidation from service areas	■	Budget transfers underway, to be complete by end July 2016.
Progress of Departmental FTE's transferring into Corporate Property.	■	Phase 1 transfers complete 31/12/16. Scope of transfers from C&F and H&SC established and issued to service areas
Number of people in post in new structure	■	Phase 1 of Org Review in final stages. Phases 2 & 3 in planning stage

Information Required / Dependencies

1. Strong programme leadership.
2. Technical Consultant input to Organisational Design/Scope and SLA development: input required by end June 2016 to allow Phase 2 Org Review to begin 30/06/16, then Phase 3 in August 2016
3. Agreement from Client Departments on new SLA's, new business processes and new partnership/ relationship management model.
4. Agreed process to support the continued legacy shared repairs cases .

Key Planned Activities

1. Undertake matching and assignment.
2. Develop change management plans to reflect phasing
3. On-going budget transfers
4. Plan for Org Review (Phase 2): preparing for formal consultation : completing document pack
5. Plan for Org Review (Phase 3): preparing for formal consultation : completing document pack

Key Risks

Risk ID		RAG
01	Early exit of key programme personnel leads to failure to deliver benefits	■
02	Increased absence and attrition	■
03	Insufficient budget transfer	■
04	Lack of confidence in new service leads to delays and scope of proposed transfers and service level agreements	■

Estate Rationalisation

Workstream Dashboard as of 06 May 2016



Overview of Progress

Reported to the Property and Facilities Management Board in March with three business cases from the estate rationalisation pipeline; Lothian Chambers, 329 High Street and Wester Hailes. Each case was approved for development and engagement. Publicly announced the Council's proposals to seek a restorative purchaser for Inch House and transfer the property off the CEC estate. The Depots Programme Steering Group has been established to oversee the delivery of new projects to enable the property exits outlined in the review. First licence established for CGI to use space in Waverley Court (£83k for first 6 months, estimated at £167k pa). Agreement for the Estate Rationalisation team to join the Transformation Programmes embedding transformation workshops and understand the service priorities for the next year.

KPI Tracking

KPI	RAG	COMMENTS
Number of projects at each key stage of the identified rationalisation process	Green	All projects currently on track
Reduction in operational property costs	Green	Baseline is 0 until project implementation
Increase in income from operational assets	Green	£167,600 of income
Reduction in operational estate footprint	Green	Baseline is 0 until project implementation
Increase in desk to FTE ratio	Green	% of the office portfolio working 7 to 10 ratio – baseline to be established
Number of teams supported in a co-located environment.	Green	Captured as pipeline projects come through
No of properties closed/exited	Green	1 Property has been exited by the Office Estate.

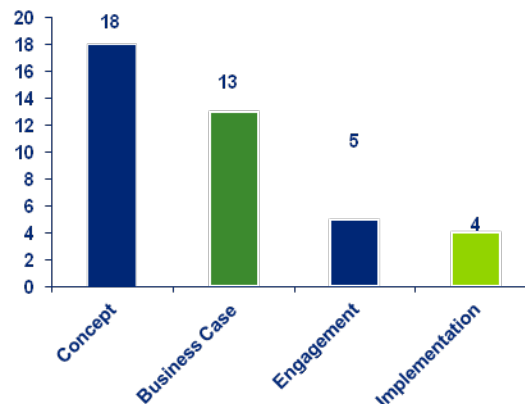
Information Required / Dependencies

1. Articulation of new localities model required, crucially, which teams, including partner agencies, should be located together.
2. Detailed negotiations required with new Tier 3 managers regarding team location.
3. Post headcount reduction picture required, with detailed breakdowns of team size.
4. Robust property costs data required from Finance for tracking of saving.

Key Planned Activities

1. Develop project timelines and engagement plans for each business cases approved at the Property and Facilities Management Board.
2. Develop the financial information for the rest of the Estate Rationalisation pipeline.
3. Continue to work with the Task Force to deliver a strategy for the rationalisation of Community Centres and Libraries.
4. Continue to gather requirements for the full restack of Waverley Court.

Project Status Tracking



Key Risks

Risk ID	RAG
01 Insufficient resource	Yellow
02 Lack of political engagement and support	Yellow
03 Lack of stakeholder support	Red
04 Resistance to property strategies by services	Red



Overview of Progress

The following activities are currently being undertaken by the Investment Portfolio Consultant

- Report looking at the emerging strategy for the Investment Portfolio
- Contributing to the development of the AMS Benefits Tracker
- Draft Outline Business Case Document development
- Valuation of the HRA Portfolio and related activities

KPI Tracking

KPI	RAG	COMMENTS
Reduce number of concessionary lets by 10% pa to increase revenue by 2% pa based on £12.5m.	■	This requires considerable resource to put in place formal leases and political support in the case of third party organisations.
Review of property voids on quarterly basis to benchmark against Investment Property Databank (IPD) level of 7% based on total income.	■	The majority of current voids are shown as development land or social assets with limited or no income prospects. Current true voids sit around 4%.
Benchmark income growth and maximisation against IPD levels quarterly which will provide a view on performance of the Investment Portfolio relative to the market. A comparison should be made quarterly, annually, 3 yearly and 5 yearly.	■	This depends on a software system producing a standard reporting format on these KPI's Requirement to identify the current level of return to set base. This also depends on an Estates software module (CAFM) that can report on this KPI and interface with Finance to monitor rent and service charge arrears going forward.
To provide the Council with a quality secure income with a target of 2% pa growth rate.	■	Identify targets and business case to retain, develop or dispose of assets to have a well balanced conservatively managed investment portfolio.

Information Required/Dependencies

1. Accurate information on concessionary lets and information on grant funding or demonstration of evidence for concessionary let. Identify the difference in concessionary rents and ERV's to highlight the financial implications.
2. Identify potential for reducing voids where possible and budget implications
3. Valuation of HRA portfolio .
4. Agree KPI's for filtering process for retain/develop/dispose
5. Information on Estimated rental values
6. Information on OMV's

Key Planned Activities

1. Preparation of Investment Portfolio Strategy AMS Board Paper for 12th May
2. Desktop valuation of HRA account (continuation)
3. Benefits Tracker development (continuation)
4. Review of re-investment opportunities

Key Risks

Risk ID		RAG
01	Lack of political engagement, support and approval on concessionary rents and rental increases.	■
02	Negative feedback from third party organisations relating to communications over concessionary rents	■
03	Negative effect on investment market caused by uncertainty over Scotland's political future.	■
04	Outdated/inaccurate information from Asset Information System.	■
05	Risk of Council assets being valued incorrectly due to historic valuations or inaccuracies in the valuation.	■



Overview of Progress

The Asset Condition core working group submitted the forward strategy relating to asset condition and maintenance which was approved by the Council Leadership Team in March 2016. The group have since been taking forward the recommendations of that paper which has included reviewing the functionality of the TF Cloud CAFM system. Work is continuing with tier 5+ organisational design. Also, an evaluation exercise has been completed and the procurement of asset condition surveys which is being submitted to the May Property and Facilities Management Board for approval.

KPI Tracking

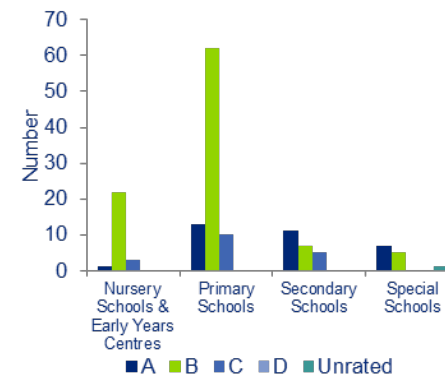
**FIG 1.0 - Asset Condition and Improvement
FY 15/16 Plan vs Actual Spend**



Progress Against Core Objectives

	Identify Backlog	Survey programme for FY15/16 forecast to achieve 20% total assets (not incl PPP and monuments). High level surveys on plan to achieve 33% total assets. Extrapolated condition ratings from historic data on the C&F estate shown in fig 2.0 opposite. Review of external survey delivery option ongoing.
	Technology	CAFM functionality is in the process of being reviewed and tested to ascertain if the system will meet the future vision for hard FM and asset condition processes. A gap analysis and further recommendations will be prepared if required.
	Delivery Model	The delivery models for Hard FM, Capital Works Delivery and the Survey programme are under review and recommendations will be brought forward to the Corporate Property Board in the next period.
	Safer Estate	100+ wind and weather tight incidents in March. 2 significant H&S incidents including a fire at Clermiston Primary School.

**FIG 2.0 – Existing Condition Ratings
Children and Families Estate**



Key Planned Activities

1. Review and test CAFM functionality and make recommendations
2. Review options relating to delivery of capital programmes and asset condition surveys
3. Clarify technical support requirements to investment portfolio
4. Input into org design work
5. Work to profile estimated building footprint reduction and capital receipts

Info Required/ Dependencies

1. Identify CAFM functionality and resources
2. Approval of survey delivery preferred option
3. Confirm external support to asset condition workstream from June to December 2016
4. Approval of emerging tier 5+ org design

Key Risks

Risk ID	Description	RAG
01	Budget constraints restricts ability to reduce backlog	Red
02	Health and Safety risks in relation to asset condition	Red
03	Service disruption in relation to asset condition	Red
04	Lack of appropriate skills and resources to deliver revised strategy	Yellow
05	CAFM functionality does not meet expectations	Yellow



Overview of Progress

- SLA handed over to Arcadis
- Consolidated responses to Directorate SLA questions
- Arcadis service review ongoing
- Scoping sessions being arranged with Directorates
- Data capture ongoing

KPI Tracking

KPI	RAG	COMMENTS
New SLA's developed	■	Standardised SLAs and exceptions are being managed through the scoping workshops
Optimised organisation structure and service delivery models	■	Arcadis review dependant on complete headcount data – most of the data provided but not yet validated
Budget vs chargeable costs determined	■	1 st wave budget transfers ongoing and additional transfers subject to recommendation by Arcadis. Chargeable costs set out in SLA

Information Required / Dependencies

1. Existing service data (headcount, no of supervisors, shift patterns)
2. Hard services procurement
3. CAFM mobilisation strategy (timeline, deployment date)
4. Approval of budgets included in SLA scope from Finance

Note: Decision to delay review of care homes FM service model and pick up in subsequent phases

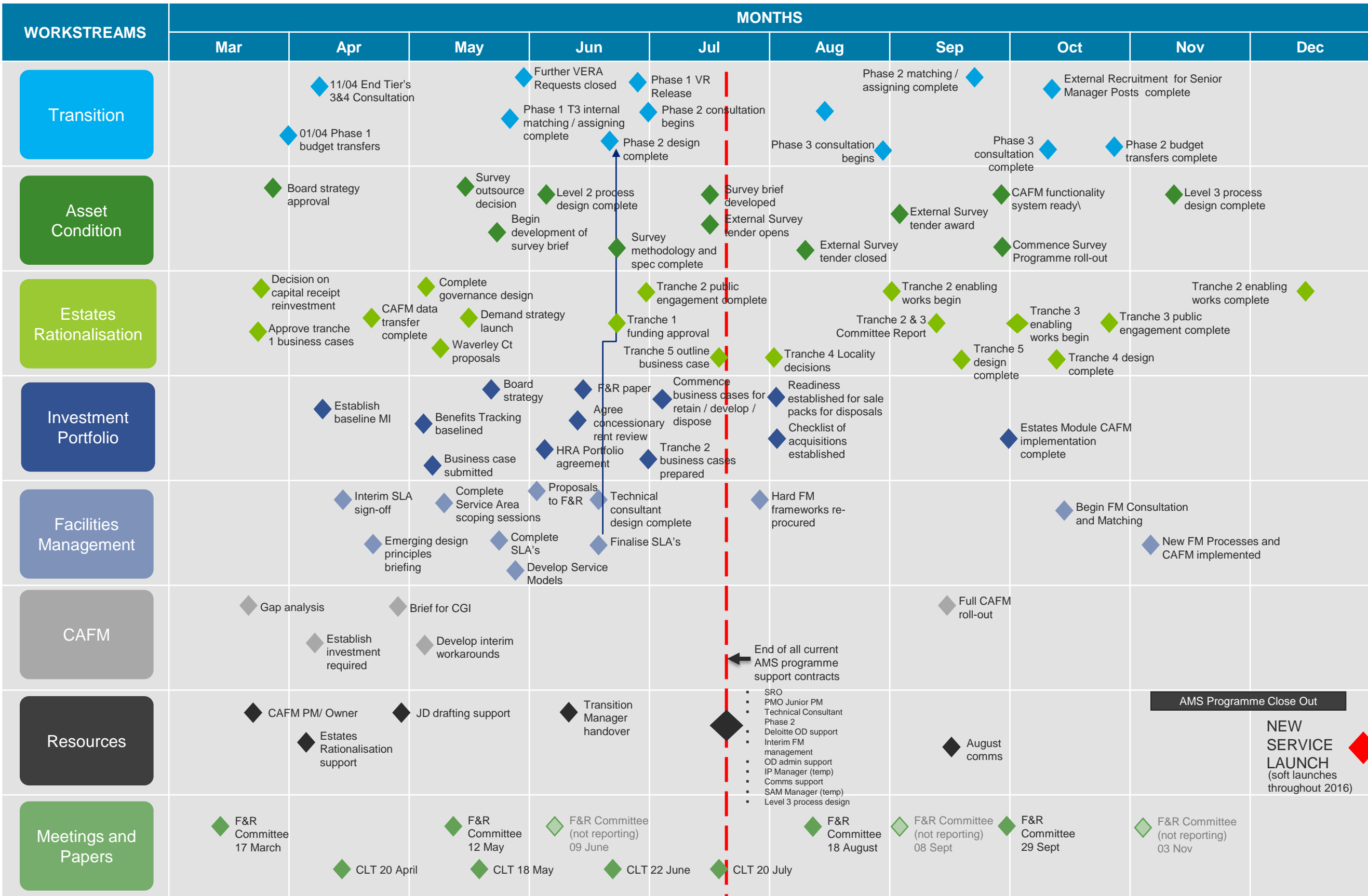
Key Planned Activities

1. Arcadis complete analysis and assessment of current service models
2. Ongoing Directorate SLA engagement
3. Hard services delivery model procurement
4. Develop process blueprint for FM function
5. Ongoing CAFM implementation

Key Risks

Risk ID		RAG
01	Limited Directorate engagement on SLA and push back on new standards	■
02	Proposed facilities budget transfers not approved	■
03	Lack of support to implement new service models	■
04	Buy-in to CAFM systems, input of data and ongoing management of data will be poor, leading to errors and inconsistencies.	■
05	Changes to FM service SLAs lead to industrial unrest or action in service areas, due to disagreement over changes.	■

APPENDIX B - Milestone Plan (Mar 16 – Dec 16)



Tranche 1 = 329 High Street and Lothian chambers; Tranche 2 = Wester Hailes redesign and call centre relocation; Tranche 3 = Community Centres and Libraries estate review; Tranche 4 = Office Restack; Tranche 5 = South Queensferry Cluster