

Minutes of the Corporate Review Committee Meeting held on 2 April 2019

Present: David Brookes (Chairman)

Attendance

Charlotte Atkins	Jonathan Price
John Francis	David Williams (Vice-Chairman)
Colin Greatorex	Susan Woodward
Johnny McMahon	

Also in attendance: Philip Atkins, OBE and Mike Sutherland.

Apologies: Ian Parry, Stephen Sweeney and Martyn Tittley.

PART ONE

51. Declarations of Interest

There were no declarations of interest.

52. Minutes of the meeting held on 8 March 2019

RESOLVED: The Chairman had indicated that he would be arriving a few minutes late. In his absence, the minutes of the meeting held on 8 March 2019 were approved as a correct record and signed by the Vice Chairman.

53. Assets and Property - training session

The Cabinet Member for Commercial introduced this item stating that he welcomed the Committee's challenge in helping the Council to make the best decisions. It was important that the Council made the best use of its assets, maximising economic value and worked in different ways, including SMART working. The new People Strategy meant that staff would work more flexibly, and this made best use of assets. The example of Castle House in Newcastle was given as proof of this different way of working.

He indicated that this was an initial session on assets and property and it would be followed up with at least one, and possibly two, more sessions, where the Council's property strategy could be scrutinised in more detail. The Council currently owns 249 properties, at an annual maintenance cost of £12m per annum plus capital investments.

Ian Turner, Head of Commercial and Property gave a presentation to the Committee that majored on corporate property and not schools' property or regeneration.

There are two main designations of property – schools and corporate (although technically the biggest property the Council owns is roads). Corporate assets and property are sub divided into operational and non-operational. Operational properties

include libraries and highways depots. There is also surplus land such as former school playing fields, that are not used on a day to day basis. The Council also still owns the Wedgwood Building, Superdrug in Stafford and Greenwood House. There are 249 properties with £12m for running costs per annum plus investment costs. £30m per year was being spent on the corporate estate. Its asset value is circa £300m. He said that caution should be exercised when it comes to considering 'value' as there are different types of value such as depreciated replacement cost, market value and insurance value.

Details of the properties were explained. The council held an asset database with details of all properties that the Council owned. Members asked why we had 8 training centres. Mr Turner did not have the information to hand and agreed to obtain further details. Members asked how many properties were empty.

There are other properties that are owned for community use e.g. community managed libraries and Eastgate Street voluntary sector hub (VAST) who manage the property and cover all the management costs for voluntary and community groups. There are also former youth centres that are largely in voluntary control. Work was ongoing to identify all of these for the Property Sub Committee.

The Council was spending around £30m on the corporate estate and £35m on the schools' estate. The schools' capital programme amounted to £32.6m including new schools, extending schools and Section 106 funding. £11.6m was spend on pooled buildings. The corporate capital programme was £15.2m. The property team running costs were £1.8m. The Council has support from Entrust on professional services, for example design work and contract management around the day to day maintenance and improvements of the estate. The Chairman applauded the amount of money set aside in the schools' capital programme. The Cabinet Member agreed. He said that the Council recognised that the future of Staffordshire was in its children. The Leader of the Opposition stated it would be helpful to undertake more detailed scrutiny of this, as her experience as a school governor was that it was difficult to get the capital for primary schools' repairs. She also suggested that it would be helpful to have details of the capital investment over previous years and benchmarking this investment against that of other authorities as there was concern that the current income did not meet need. The Chairman stated that many schools were sitting on large reserves.

The Head of Commercial and Property stated that income in relation to property is £2.6m. This came from some of the Council properties that are leased out. The capital receipts target in the MTFs is £30m. The projected spend on schools' property was £1.10m for feasibility/management; £5.60m for maintenance (planned maintenance and health and safety) and £2.10m for improvement. Schools spend is largely dependent upon government allocations, about which there was a great deal of political debate.

A Member stated that many schools were not sitting on large reserves. Members asked how many LEA schools we had in Staffordshire and as far as the capital programme was concerned asked if the Council were planning to reduce this. The Head of Commercial and Property stated that there were approximately 185 LEA schools in Staffordshire and about 30 schools were on the programme for academy conversion this year. However, this figure does change. The £27.20m of schools' property "basic need" spend in 2019/20 is made up of an allocation from government and Section 106

contributions. On the current projection there is approximately a £25m gap in the amount that is required and the amount that was predicted that the Council would need.

Members stated that under legislation local authorities are required to know what their buildings were being used for and asked if we had this information. The Head of Commercial and Property responded that we did have this information. There are a few exceptions, but those organisations who lease property from us will do so based on a business case that forms the basis of the lease. This will be reviewed when the lease expires.

The Cabinet Member added that he welcomed further scrutiny of the operation and workings of the Property Sub-Committee. He also welcomed further scrutiny on the usage and future usage of the Council's assets and stated that if Members had any questions or suggestions on the use of property in their division these would be welcomed at any time by the Cabinet Member and/or Head of Commercial and Property.

The Leader stated that schools have approximately £30m of unallocated reserves in their budgets when the county had had to make £30m worth of savings. It was up to school governors to scrutinise the wage bills in LEA schools to ensure that value for money was delivered. There is a national debate about the role of local authorities who are required to provide school places but then also to address issues when they go wrong, and then hand the school back to an academy trust (if applicable). Local authorities also had to deal with issues regarding SEND and FE colleges who are teaching children basic skills. He stated that schools should show public value going forward. Some schools are educating schools to a high standard in poorer areas whilst others in wealthier areas are not achieving. The Leader of the Opposition asked for detail on this and requested further information on school reserves. The Leader stated that most information is available on line and that Members should have this information on schools in their own area to hand.

Some recent projects included John Taylor Free School with six forms of entry; Henhurst Ridge and Poppyfields Academy, King Edward VI School in Lichfield and Streethay Academy. Plans were restricted to the fact that schools opened in September and could not cope with a delay. The free school programme had an impact and Staffordshire has been successful in attracting funding for free schools.

Regarding Corporate Projects, Castle House in Newcastle was saving a number of organisations money by rationalising the estate and leading to 'softer' advantages in terms of organisations working together. The Council's printing costs had been reduced by £1m per year by staff in SP1 SMART working and working differently. Lichfield Library has led to add-on benefits such as increase in access to archived information that was digitised in its new environment. Shugborough Walled Garden was being addressed as part of the Council's plan to exit from the Shugborough estate. The Head of Commercial and Property stated that the walled garden was the Council's final obligation in relation to Shugborough that was now part of the National Trust's estate. Work was underway to clean out the contaminated material and clean the site. Regarding the Stafford Record Office, Members should be aware that records are stored in a temperature-controlled environment and this comes at a cost. The Council had not been successful with their bid for lottery funding, so an alternative solution had

to be found. Regarding the One Public Estate the Council was working closely with organisations such as the NHS, Stafford Borough Council and Staffordshire Police to explore what their requirements were and to see how the Council was able to work together with other partners. The Grange in Burton had been a project to refurbish office space that had led to the disposal of some properties in St. Paul's Square, Burton, that were not fit for purpose. Greenwood House had been held by the Council for eight years whilst the NHS came up with proposals for a GP surgery.

The Head of Commercial and Property stated that one of his responsibilities was to maximise the use of the estate and promote good use of the estate to meet the savings required in the MTFs. This involved working with colleagues in ICT and Organisational Development teams to ensure that colleagues could work flexibly. The Head of Commercial and Property was also trying to get a forward view of what land and property would be required in the future as projects could take several years to achieve. Finally, the corporate property had to ensure that all assets contributed to social, community and strategic objectives.

With regard to the MTFs targets in 2017/18-2018/2019, £30m of capital receipts had been received from the disposal of redundant property. At the beginning of 2017/2018 there were 60-64 properties that were empty or about to become empty. Around 40 were disposed of to generate £30m and there were a further 20 to sell to the value of around £20m. This number was being refreshed currently. Through flexible working more space was being made available in SP2 as a result of SMART working and this would be commercially leased. The Council was moving on to county-wide rationalisation, so more efficiencies were anticipated and a target of £3.7m had been set. This amounted to around a 50% reduction in the Council's estate. There were many smaller properties to dispose of so this would be more difficult and so this was a 3-year project.

Finally, in regard to the disposal of local authority property, Section 123 of the Local Government Act 1972 does give a local authority the power to dispose of property "... in any manner it wishes provided that the local authority achieves the best *consideration*" ... therefore sales that are undertaken through independent valuation and/or market sale. Some NHS Trusts have different constraints, as do the Police. Generally, *consideration* means that the local authority should take the highest price unless it contributes to the social or economic value of the area. The disposal process is that any decisions regarding properties:

- over the value of £2m must be made by Cabinet;
- £200,000 to £2m are made by Property Sub Committee;
- under £200,000 can be made under delegated decision by the Director of Corporate Services and the Director of Economy, Infrastructure and Skills.

The disposal process was described:

The service declares an asset surplus to their requirements; the property is inspected, and decommissioning was considered, and details drawn up of what was required e.g. removal of asbestos; this was then reported on. There may be issues about how clean

the title was. Some properties may have restrictive covenants on them. If a decision was made to sell the property, consideration was given as to whether it would be beneficial to have planning consent as this may generate the maximum value. A decision was then taken on how to dispose of the property – e.g. sell, lease or rent. The team would then go through a marketing and disposals process. The relevant decision-making process was applied and upon completion the asset inventory and land registry was updated.

There was an estates workstream on the STP, led by John Henderson, as decisions made by the NHS can impact on the local authority.

The Property Strategy was being revised and would be brought to the Corporate Review Committee for scrutiny before it goes to Cabinet.

The Charities and Trust Committee was also supported by the Property Team and this could be challenging in view of the age of the properties and cost of maintaining them.

The Cabinet Member reiterated the importance of encouraging more flexible working and ensuring that people are happy in their working lives. He welcomed more scrutiny and asked that if Members had issues in their divisions to raise them with him or the Head of Commercial and Property.

Members stated that sale of land provided **one-off** income to the Council. They stated that it was important that priority was given to ensure that the relevant IT systems were in place to facilitate SMART working.

Members asked how Kniveden Hall fitted in to the Strategy. The Hall had been empty for about ten years and was going to be used for community use but was still occupied by guardians. The Head of Commercial and Property stated that Kniveden Hall and the adjacent property, Springfield, had been put forward for housing allocations in the Staffordshire Moorlands District Council local district plan. The next stage was to establish the cost of demolishing the properties and what value could be driven out of them in terms of residential development. A decision will probably be made by the Property Sub Committee regarding marketing these two properties for sale.

Members asked if they were satisfied that the carbon footprint for the whole estate is as it should be and what processes were in place to keep it at a minimum. He asked if the Property Sub Committee considered this as criteria as part of its decision-making process. The Head of Commercial and Property responded that the carbon footprint was reported on and the carbon footprint was met legally, as the benchmark had been set some time ago and as schools become academies the Council does not have the carbon output. Most properties had smart meters in them and various programmes existed regarding LED lighting and insulation for example. A proportion of expenditure was spent on properties each year to ensure that buildings were energy efficient. Members asked about solar panels on new schools. The Head of Commercial and Property stated that the Council did not generally put solar panels on schools. Solar panels were fitted on some corporate property. With the changes to tariffs it was not very lucrative. The Council does keep up to date on new technology and tries to exploit its use where appropriate e.g. solar or wind generation or gas generation off-grid. One

member reminded members of possibly financial liability on schools of solar panel maintenance.

Members also asked if the Council had an asset register that detailed the assets, their condition on a grading basis, saleability, its income, cost etc and what the potential was for the property to be available for disposal. They suggested that through the Property Sub Committee an asset register should be formed. The Head of Commercial and Property responded that there were many risks associated with property, operations risks around property management, conditions survey information was recorded against them and defects were recorded on a 1-4 basis according to urgency. There was an annual programme to address these. The wider point regarding opportunities about properties was being addressed through the property rationalisation project. The Council has not traditionally had an asset management process, but this would be part of this work as suggested by Members. The Cabinet Member was satisfied with the level of detail that was kept on properties and that the asset register was kept under review and up-to-date.

The Leader of the Opposition asked if they could have details of every property in their own division on a regular basis and drew Members' attention to decisions that may be taken under the delegated decision process on properties in their area. She also asked about the status of the Penda Property Partnership. The Cabinet Member stated that information was available to Members and with regard to Penda Property Partnership he suggested that this be a future agenda item, given time constraints. All Members will be kept fully informed on the Penda Property Partnership and the management of the Council's estates.

RESOLVED: That the Penda Property Partnership be considered as part of the scrutiny of the Property Strategy at the June meeting.

54. Proposals for Scrutiny of the Medium Term Financial Strategy and Annual Budget and Council Tax

The Scrutiny and Support Manager introduced this item. The plans were to establish an MTFFS Working Group along the same lines as in the previous year. The proposed lines of enquiry and review arrangements were set out in the report and Members' comments were invited. The Section 151 Officer confirmed that the intention was to identify target service areas for scrutiny and to restrict scrutiny to those areas. Members stated their preference for face-to-face scrutiny to consideration of written submissions from Cabinet Members. Members preferred the focus on key strands where there was a history of overspend or where spending is more volatile.

The Section 151 Officer confirmed that face to face interviews would be the approach taken and additional paperwork would only be considered to support subsidiary questioning. The programme is a rolling programme, previous consideration would help to inform the areas prioritised for consideration.

The following Members expressed an interest in joining the Working Group:

- Susan Woodward
- Charlotte Atkins

- Johnny McMahon
- Colin Greatorex
- Jonathan Price
- John Francis

Bob Spencer indicated that whilst he had no experience of being on the Working Group, he was happy to assist if required. It was agreed to ask Members not present at the meeting if they wished to be involved.

Members extolled the virtue of face to face discussions with Cabinet Members.

RESOLVED: That the MTFs Working Group be established.

55. Select Committee Work Programmes

The Scrutiny and Support Manager informed Members that the Work Programmes had been brought to the Committee at the request of the Scrutiny Chairs, to enable identification of potential duplication and overlap to be identified and to enable the Committee to perform its role as the 'parent' scrutiny Committee with responsibility for co-ordinating the work of the Select Committees. Attention was drawn to some items on the Safe and Strong Communities Select Committee Work Programme that should be referred over to the Healthy Staffordshire Select Committee. The Chairman of the Safe and Strong Communities Select Committee stated that where there was a need for Committees to work jointly this should continue as it had worked successfully.

The Leader of the Opposition asked that Corporate Review triangulation meetings be reintroduced. The Chairman apologised for allowing these to lapse and asked the Scrutiny and Support Manager to calendar these in Members' diaries.

The Leader of the Opposition referred Members to the publication of the report of the Local Government and Social Care Ombudsman report on Deprivation of Liberty Safeguards. Concerns were expressed regarding the reputational damage to the Council of this report and the impact on the most vulnerable people that the Council serves. She asked that the action plan be considered by the Corporate Review Committee.

Note by Clerk: The Director of Corporate Services has decided that this report should be considered by Cabinet on 15 May and Audit and Standards Committee on 12 June.

RESOLVED: a) That the Select Committee Work Programmes were approved b) that the Action Plan arising from the Local Government and Social Care Ombudsman report on Deprivation of Liberty Safeguards be added to the Corporate Review Committee Work Programme.

56. Exclusion of the Public

RESOLVED: That the public be excluded from the meeting for the following items of business which involve the likely disclosure of exempt information as defined in paragraphs of Part I of Schedule 12A (as amended) of the Local Government Act 1972.

(Exemption paragraph 2)

57. Report on Gender Issues

The Committee considered a report on Gender Issues.

(Exemption paragraph 2)

Chairman