

Corporate Property Strategy

2019-2024



milton keynes council



Contents page	page
1. Introduction	3
2. Context	4
2.1 Plan Hierarchy	5
2.2 Drivers for Change	7
2.3 This is What Good Looks Like	9
2.4 Direction of Travel	10
3. Baseline	11
3.1 Summary of Property Assets	11
3.2 The Corporate Landlord Model	12
3.3 Corporate Landlord Portfolio Baseline Statement and Metrics	12
3.4 Commercial Landlord Portfolio Baseline Statement and Metrics	14
3.5 Conclusions	15
3.6 Outputs from this Strategy	16
4. Delivering against the Five Pillars	18
5. Governance	23
Appendix 1: Policy Principles	24

Corporate Property Strategy

1. Introduction

We are delighted to bring to you the Corporate Property Strategy for Milton Keynes Council. This strategy will guide the Council's future property decisions and is informed by the detailed discussions with our individual service areas.

It is clear that the public sector is facing significant challenges; the need to make efficiencies without reducing the level of services our residents, businesses, and visitors. This document sets out the basis for our plans for the next five years. Critical to its delivery is the way that we will integrate asset management planning into the reviews of how our services are delivered.

After our staff, our property assets are our most valuable resource. Our belief is that we can be more effective in the way that we hold and use our property, to not only make savings on property-related expenditure but to better link our property assets to service delivery so that services to residents are enhanced.

Not only will we seek to use our assets to improve the provision of services, but we will use capital receipts from our asset challenge programme to support the Council's ambitious growth and regeneration programme by actively seeking opportunities to develop surplus space.

The key plans which underpin this strategy will be updated annually as a minimum as we review Council assets and Council services. It will be shared with our partners and stakeholders and will enable transparent and consistent decision-making in relation to our property assets.



Cllr Rob Middleton
*Lead Member
Resources and Innovation*



Michael Bracey
*Chief Executive,
Milton Keynes Council*

2. Context

Milton Keynes is the most successful New Town. We have attracted generations of people and businesses to move to and stay within Milton Keynes, created thousands of jobs and built a city with high quality infrastructure and green space because we have been at the cutting edge of modern thinking.

Milton Keynes is a special and beautiful city, completely different to any other in Britain with its parks and lakes within a few minutes' walk of homes, the distinctive grid road system and city centre. Our older towns, villages and individual grid squares each have their own character and sense of community within the overall layout of the city. Our vibrant economy means young people are more likely to get a job with good prospects than anywhere else and we can move around by car more easily and cycle more safely than in any other city.

Some fifty years ago, a thriving city was promised to the 60,000 people living here, the families who were to move here, and their children who would be born here. And, because this promise has largely been met, some 268,600 people from a diverse range of backgrounds now choose to call Milton Keynes borough home.

Milton Keynes Council wants to enable a city fit for the 21st Century while preserving what makes us special; an internationally recognised centre of prosperity, economic innovation and cultural creativity, with high quality buildings and green spaces.

The Council has set out the long-term ambition for Milton Keynes in the Council Plan 2016-2022 that anticipates continued growth of the city to a population of 500,000 people by 2050 and homes for 400,000 people by 2040.

The Council has a diverse property base in type and function. This strategy covers the Corporate Property Portfolio that consists of the Council's operational occupied estate (the Corporate Landlord Estate) and the investment properties that support our local communities (the Commercial Landlord Estate).

This strategy is not intended to cover schools, housing, amenity or development land, or property under the ownership of the Milton Keynes Development Partnership; each of which has their own strategic direction.

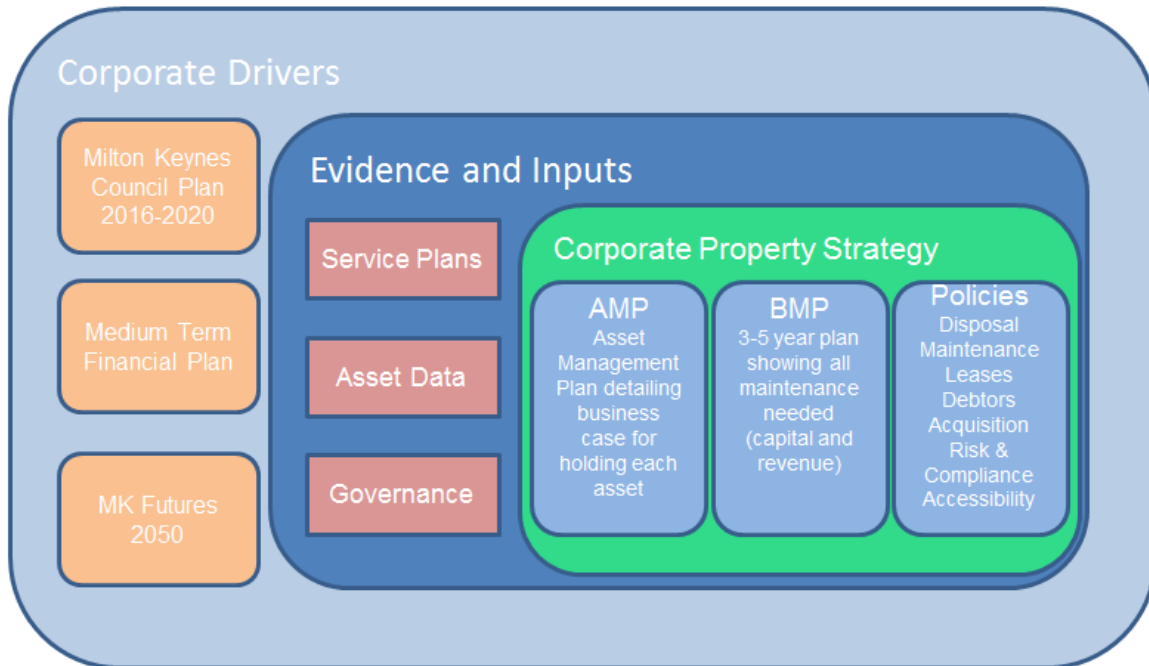
Asset management is a key part of business planning which connects, at a strategic level, decisions about an organisation’s business needs, the deployment of its assets, and its future investment needs. This Corporate Property Strategy (CPS) will set out the vision for property and the way in which property will support the operations of the Council, taking account of current and anticipated future economic trends and the Council’s climate emergency response.

The illustration below demonstrates some of the complexities of managing property for a multi-service organisation – and the ways in which effective property management can effect change.



2.1 Plan Hierarchy

This Corporate Property Strategy links to the Corporate Drivers through evidence and inputs as shown in the illustration overleaf. The CPS covers a five year period beginning in 2019, but the plans supporting the strategy will initially cover a 12-24 month period for resource planning purposes.



There will be three key outputs from this strategy in terms of management processes:

1. **The Asset Management Plan (AMP)** which will be developed with the service areas and based on an analysis of their current and future property needs. We refer to this process as Asset Challenge. The output of Asset Challenge will be a business case per asset for retaining, developing, or disposing of properties. Through Asset Challenge, we will also identify growth areas for each service, which may include the need to acquire additional or alternative property.
2. **The Building Maintenance Plan (BMP)** which will set out all of the building maintenance requirements of both the Corporate Landlord and Commercial Landlord portfolios. It will include capital investment requirements as well as planned preventative maintenance (PPM) which is to be carried out on a cyclical basis. Additionally, the BMP will also include remedial works from statutory inspections and risk assessments.
3. This strategy document will set out a number of **policy principles** so that each property portfolio is managed in a consistent, professional and transparent manner and those principles will be translated into property management policies to support this strategy. The policy principles are contained in Appendix 1.

2.2 Drivers for Change

Milton Keynes faces a number of challenges and it's clear that while property is not a core function of the Council, it is core to the ongoing successful delivery and development of Council services.

To deliver the vision and aims of the Council, this strategy must consider and mitigate for a number of challenges and drivers for change:

Achieving efficiencies: Delivering efficiencies through strategic property management is not simply about achieving revenue savings by reducing the occupancy costs of buildings or enabling capital receipts from the disposal of surplus assets. It encompasses the efficiencies enabled in front line service delivery through the better alignment of property assets with service priorities.

Service Improvements: Milton Keynes Council strives to improve the services that it provides and commissions. Assets play a key role in the improvement of services, both by enabling services to be provided more effectively, and also by releasing capital to invest in these improvements.

Localities: Milton Keynes has a number of distinct geographical localities, each with differing identities, needs and opportunities. This strategy recognises the importance of these communities and addresses local service delivery, community based regeneration and local employment opportunities.

Fitness for purpose and tenure: Our property assets are not all in the type of condition that is appropriate to the needs of service delivery. One of the drivers for change is to try to ensure that services are delivered from buildings that are fit for purpose thereby improving service outcomes and cost effectiveness. Examples include delivering services from fewer but better locations or looking to innovative ways of financing the investment needed to bring assets up to the required standards.

Regeneration and capital development: Where we can free up assets, we can re-cycle the capital to develop assets both for the provision of services as well as to assist with the regeneration of areas within Milton Keynes.

Medium Term Financial Plan: The MTFP is a complementary document to the Council Plan providing the financial framework to support the delivery of the city's priorities, setting out the resources that will be available to meet them. It is updated annually and covers both revenue and capital budgets making medium term forecasts about expenditure, funding and other resources.

With the continual reduction in government grant funding the council is transforming the way services are delivered, for example:

- Enabling new housing developments to improve the standard of living for MK residents and to meet the growing need.
- Using our existing assets to generate income for investment and modernisation of council services.
- Using our land & property assets to help deliver major projects on key sites across the city.
- Working with the Local Economic Partnerships to attract inward investment into the city.
- Applying for additional grants wherever possible to supplement local tax income.

The MTFP sets out the plans for each service area to meet spending and saving targets and to ensure that expenditure is prioritised to the agreed key areas. One of the key objectives of the MTFP is to deliver savings by making best use of our asset base.



2.3 This is What Good Looks Like:

This Corporate Property Strategy has been developed after undertaking careful and detailed analysis of the strengths and weaknesses of the current service. There are many areas of good practice but it is the intention, through the outputs of this strategy, to embed a culture of continuous improvement within the service.

The first six months post-adoption of the strategy will be used to consolidate the current position and to implement actions plans aligned to the Service Plan which will see iterative and recurring performance improvements. The first areas of focus are as follows:

- The Corporate Property Strategy is adopted and embedded into Council processes and governance.
- Property policies are in place so that management of the property portfolio is transparent and consistent.
- The Corporate Landlord Model is working effectively, with regular dialogue between the service areas and the Property & Facilities team.
- Health and Safety risks are identified and managed appropriately and proportionately.
- The Building Maintenance Plan is used to programme our maintenance and repair work and to bid for money in the capital programme.
- We work actively with the Heads of Service to plan their space requirements and service delivery needs. There are SLAs in place.
- Rent reviews and lease renewals are conducted on time.
- All buildings have appropriate occupational arrangements in place with the tenants.
- Financial risk to the Council is mitigated through use of pre-lets and Agreements for Lease arrangements.
- The Facilities Management Bundled Services contractor is mobilised and has had a positive impact on capacity and resilience.
- Property-related decisions are made taking into account the wider strategic context, not on an asset by asset basis.

2.4 Direction of Travel

With our ambitious plans for growth and our appetite for world class services and facilities, our operational assets must be aligned to our future service requirements in terms of number, location, condition, accessibility, and fitness for purpose.

It is vital that our buildings are contributing to our corporate objectives and assets that do not meet these criteria will be considered for alternative use or disposal. However, it is also vital that the property portfolio is financially self-supporting and sustainable in the long-term.

The five pillars below are designed to support the overarching aim to deliver a sustainable property portfolio and link back via the service plans to the Council Plan.



Actions that are relevant and necessary now may not be as relevant or necessary in 12 months' time, but the direction of travel will remain the same throughout the life of this document. This Corporate Property Strategy is intended to be an iterative document. Actions identified within this version will be reviewed and refreshed as part of the service planning process and through Asset Challenge.

3. BASELINE: What have we got?

The Council holds a diverse property portfolio comprising office, retail, open space, operational and assorted asset types. The portfolio has been developed over many years and as a result it contains a multitude of types and sizes of properties, while at the same time council services are evolving and space requirements are changing.

This strategy provides a framework for the whole estate; however, there are two distinct portfolios:

- **Corporate Landlord** – properties the Council uses to deliver its services from, and
- **Commercial Landlord** – properties the Council owns but leases out to a third party for either a commercial return, or to facilitate partnership working.

Schools are the subject of separate, service specific asset management plans and so detailed information on these assets is not repeated in this strategy. Highways assets are also separately considered within the relevant service areas. It is the intention to include schools, highways, and open spaces in future iterations of this strategy and associated plans.

Housing properties which are held on the housing revenue account (HRA) are managed as a distinct portfolio in accordance with residential legislation, rules and policies.

3.1 Summary of property assets

	Corporate Landlord	Commercial Landlord	Total
Number of Properties	182	198	380
Average Annual Capital Spend	£7,340,000	£0	£7,340,000
Average Annual Revenue Spend	£5,000,000	£100,000	£5,100,000
Average Annual Income	£842,000	£1,755,000	£2,597,000

3.2 The Corporate Landlord Model

The Corporate Landlord model centralises property management and removes the often onerous rigours and demands of managing property from the service areas, freeing them up to deliver the services our residents, businesses, and visitors expect.

The Corporate Landlord model:

- Supports the wider organisational objectives and priorities.
- Sets clear, consistent policies and procedures in a strategic setting.
- Ensures skills and resources are best used.
- Enables development of in-house skills and expertise which is managed in a consistent and transparent format.
- Enables a comprehensive understanding of the performance of the portfolio and uses that to inform decision-making.
- Ensures that the property portfolio is safe and fit for purpose, with risks managed appropriately.
- Ensures the asset base becomes financially sustainable and efficient.

3.3 Corporate Landlord Portfolio Baseline Statement

Capital Values	Corporate Landlord	Offices	Community & Leisure	Children Services	Adult Services	Amenity & Regulatory	Culture & Heritage
	Asset Value (£'000)	25000	4200	6800	7000	3500	1500
	Number of Assets	7	64	28	11	64	8
	Portfolio Split (%)	2.3%	35.8%	11%	6.2%	35.2%	9.5%

Revenue	Corporate Landlord	Offices	Community & Leisure	Children Services	Adult Services	Amenity & Regulatory	Culture & Heritage
	Rental Income (£'000) ¹	-585	-212	-13	0	-14	-18
	Portfolio Split (%)	69%	25%	1.5%	0	1.6%	14%
	Average Annual Running Costs ²	1500	300	276	260	409	342

Capital	Corporate Landlord	Offices	Community & Leisure	Children Services	Adult Services	Amenity & Regulatory	Culture & Heritage
Average Annual Capital Invested ³	2941	1655	118	87	162	2373	

¹ Income from rents only and excludes revenue generated from fees and charges.

² The average running costs have been calculated for the year 2015-16, 2016-17, and 2017-18 and include utilities, NNDR, and revenue maintenance spend.

³ Excludes the refurbishment of the Civic Offices

The tables overleaf show the split of properties grouped by their primary function. There are 182 properties within the Corporate Landlord portfolio, generating revenue of approximately £842,000 for the General Fund. Average annual running costs across the portfolio (including utilities and revenue maintenance spend) are £3,100,000, plus a further £1.9m in Business Rates, and the average capital investment in a 12 month period is £7,340,000.

The primary business case for holding these assets relates to service delivery and so, while there may be scope to increase revenue generation as a secondary function, if the shape and size of the Corporate Landlord portfolio does not change, then it is likely that spiralling property costs (maintenance, utilities, business rates, management fees) will become burdensome.

By challenging the rationale for holding property, supported by quantitative data to demonstrate the running and life-cycle costs of each property, there is an opportunity for the Council to rationalise its operational estate, to create improved efficiencies and collaboration.

The Council should avoid acquiring properties for operational purposes, unless there is a compelling strategic reason to do so such as land assembly or for investment and job creation. The Acquisition and Investment Policy (see Appendix 1 for the policy principles), sets out the criteria for assessing acquisitions, including completion of a business case covering life-cycle costs, annual maintenance requirements, and capital investment required.

The reported annual maintenance costs can sometimes not fully reflect challenges with maintenance backlog, or other increasingly onerous obligations such as statutory compliance (water, gas, fire, electrical etc). It is important to also understand future obligations. The Council is facing the additional challenge of properties that will revert to Council ownership at the end of long term leases, and which will require considerable capital investment.

At the same time, the Council is building more facilities to deliver services and opportunities to the local community. To ensure that the buildings are sustainably managed in the future, the Council will identify the correct future management strategy for each building in advance of construction. Typical arrangements will include Community Asset Transfer, or pre-lets on a fully repairing and insuring basis.

Getting our maintenance right is the single most effective way in which the step-changes to improved efficiency can be achieved. The Council is in a good position from which to develop a practical and achievable building maintenance plan. Although there are some gaps in condition survey data, most of the data is relatively recent and because the Council has implemented a property asset management database (Technology Forge) all records are held in one place making it easier to produce useful management information.

3.4 Commercial Landlord Portfolio Baseline Statement

Capital Values	Commercial Landlord	Industrial	Retail	Commercial	Agricultural	Amenity	Heritage
	Asset Value (£'000)	1000	2503	1000	2847	1332	1500
	Number of Assets	3	105	42	9	23	4
	Portfolio Split by sector (%)	1.6%	56%	22.6%	4.8%	12%	2%

Revenue	Commercial Landlord	Industrial	Retail	Commercial	Agricultural	Amenity	Heritage
	Rental Income (£'000) ⁴	-26	-1368	-180	-56	-125	0
	Portfolio Split (%)	1.5%	77.9%	10.3%	3.2%	7.1%	0%
	Average Annual Running Costs ⁵	1	25	39	0	23	11
	Total Net Revenue	-25	-1343	-141	-56	-102	11
	Yield	Tbc	53%	tbc	1.9%	7.6%	-0.73%

Capital	Commercial Landlord	Industrial	Retail	Commercial	Agricultural	Amenity	Heritage
Average Annual Capital Invested	0	0	0	0	0	0	0

The tables above show the split of properties grouped by investment sector. There are 198 properties within the Commercial portfolio, generating revenue of approximately £1,757,000. Average annual running costs across the portfolio (including revenue maintenance spend) are £100,000 and there has not been any capital investment in the portfolio for several years.

The majority of rental income comes from the retail sector which is made up almost entirely of estate shops and parades – or tertiary retail. While tertiary retailers are not as high risk or high profile as primary (high street) retailers, their profile also brings some risks and limitations. Many will be sole traders and just about breaking even. They will require a

⁴ Excludes income from fees and charges such as car parks etc.

⁵ The average running costs have been calculated for the year 2015-16, 2016-17, and 2017-18 and include utilities, NNDR, and revenue maintenance spend where MKC is liable

level of protection against competition in order to flourish – and that can make it difficult to let vacant units. They are resource intensive to manage due to frequent requests to assign or renew leases, carry out rent reviews, and carry out landlord’s inspections.

Similarly, there is little headroom for negotiation on rent reviews due to higher profit ceilings and this has the effect of depressing comparable data for all rent reviews in an area. With many rent reviews settling at nil or negligible uplift, management of the tertiary retail sites is resource intensive, while each percentage point uplift across the whole retail portfolio generates only £13,000 in additional income.

MKC is seeing instances where retailers feel that the rental burden is beginning to be unaffordable. It is a difficult balance to set a rent which is fair, but which does not become unaffordable for traders, leading to a higher turnover or vacancy rate and a subsequent downturn in the local economy.

The portfolio is also currently very unbalanced in terms of risk. Future acquisitions must include an analysis of the portfolio at the time of a potential acquisition to ensure that risk is being spread effectively across a range of sectors.

3.5 Conclusions and Risk Mitigation

There are six primary ways in which robust asset management will deliver value and efficiencies for MKC:

- Additional revenue generated through robust and timely estates management processes, including acquisitions.
- Reduction in maintenance liabilities through asset transfer, disposal, and pre-lets on a fully repairing and insuring basis, leading to less pressure on revenue and capital spend.
- Reducing maintenance and running costs via the production of maintenance plans for budgeting purposes, ensuring spend is targeted effectively.
- Increased savings through smart procurement – bundling services and seeking innovative solutions to reap efficiency savings and increase creativity and productivity.
- Investing in the right assets, with the right focus to ensure that services are delivered and the value of the asset base increases
- Providing the workplace arrangements to help our people make intelligent choices about where and when they work, improving productivity, creating a better work-life balance and providing an environment equipped for rapid change.

3.6 Outputs from this Strategy

a) Building Maintenance Plan: Buildings which are not maintained effectively, or where planned maintenance doesn't happen consistently, cost more to manage in the long term. Currently, while some maintenance is planned, the majority is largely reactive contributing to reduced cost efficiencies and resource planning.

We will ensure all assets are maintained in an appropriate condition to support the authority's corporate and departmental service delivery. To do this, we will:

- Categorise our assets by maintenance priority:

Rating	Definition
1	Corporate Estate: Critical or high profile asset – to be in best possible condition.
2	Corporate and Commercial Estates: Asset to in good condition operationally, aesthetically, and to fulfil lease conditions.
3	Corporate and Commercial Estates: Asset to be in reasonable condition to meet operational, commercial and statutory requirements.
4	Vacant Properties: Property maintained to meet statutory requirements only.

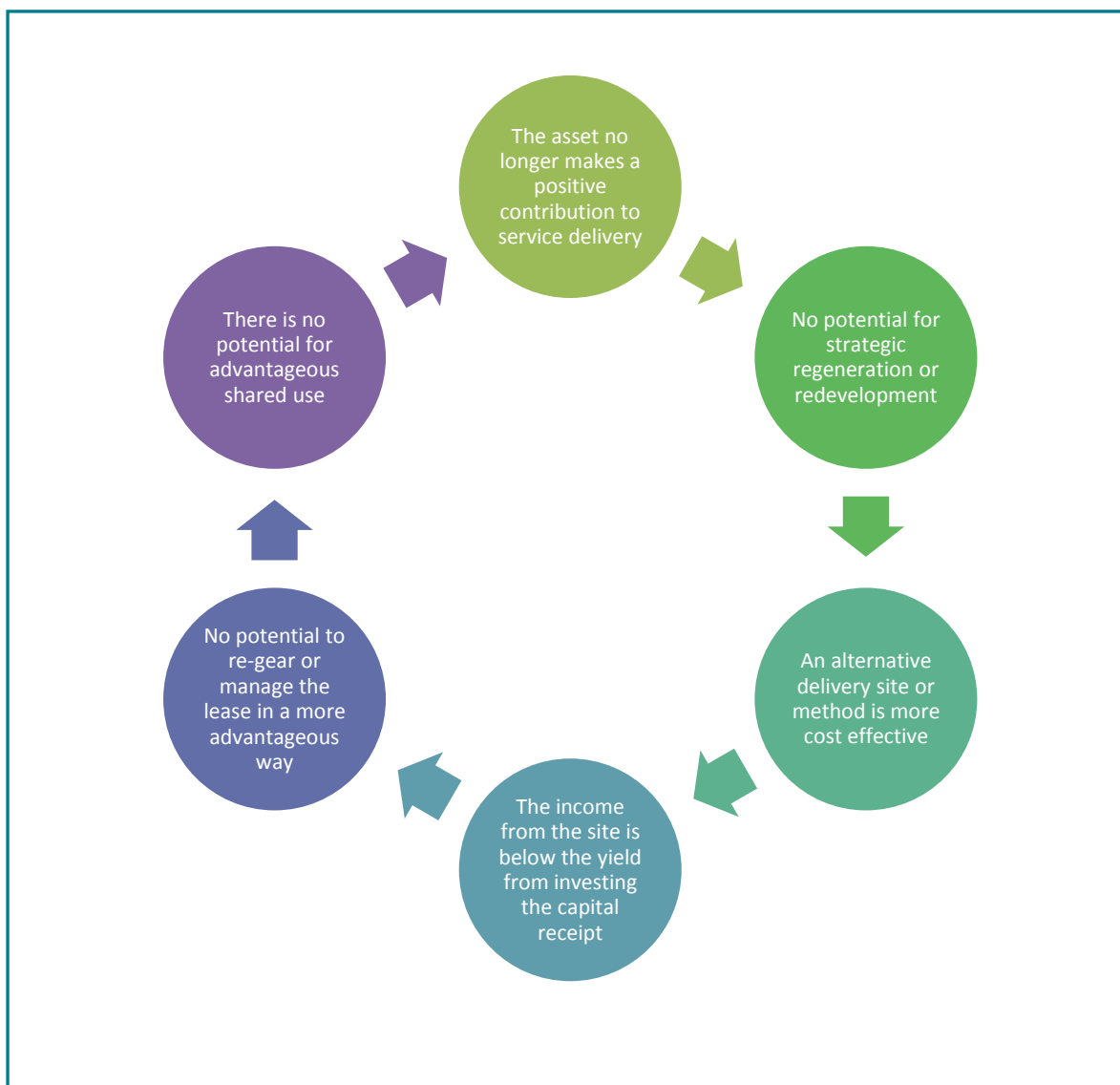
- Develop a Building Maintenance Policy (see policy principles at Appendix 1).
- Develop, articulate and communicate the standards to which the organisation's assets will be maintained – consistently throughout the portfolio – in terms of physical condition, functional quality and efficient operational performance.
- Work with Finance and Heads of Service to review funding opportunities for maintenance and development within service areas, such as ring-fencing a proportion of fees and charges for reinvestment, or adopting an Invest to Save approach.
- Adopt a health & safety/weathertight maintenance policy for cultural or heritage assets where grant funding is available for capital works.
- Develop a 3-5 year Building Maintenance Plan which identifies the works and revenue/capital spend required per building.

b) Asset Management Plan: We will work with each Head of Service and their teams to understand service demand, both now and in the future and to ensure that the property portfolio meets service delivery requirements, and consider alternative options

and delivery models. This process is called Asset Challenge and will be carried out once a year.

To reduce the revenue burden on the Council we will:

- a) Analyse the data to produce a summary of what each building costs to run, the capital value, planned maintenance spend, capital investment required and potential alternative uses.
- b) Meet with the Heads of Service to understand their service requirements and to carry out accommodation planning.
- c) Identify properties which may become surplus, either through alternative service delivery methods, or because the building is uneconomical to maintain.
- d) Develop a business case for disposing of, refurbishing, or redeveloping surplus buildings, including producing options appraisals.
- e) Assets will only be declared surplus where one or more of the following criteria applies:



- f) When an asset is declared surplus, we will advertise the disposal through methods which meet the Council's statutory obligations under S123 of the Local Government Act, 1972 and the Secretary of State's General Consent for Disposal of Land, 2013.

4. Delivering Against the Five Pillars

Pillar 1: Provide the right buildings, in the right location and condition to meet service delivery needs, now and in the future.

Why is this objective important?

The Council invests significant amounts of revenue and capital in maintenance and repair. We have to be sure that we are investing in the right buildings so that we can demonstrate value for money. At the same time, we need to make the best use of our operational property portfolio to match future service needs in conjunction with partners and to form action plans for properties that no longer meet our needs.

How will we achieve this objective?

- By prioritising resources to invest in our core property
- By undertaking regular reviews of our asset holdings
- By matching properties to service needs
- By providing sufficient primary and secondary school places
- By ensuring that the Council complies with the Landlord's Statutory Obligations (asbestos, water, electricity etc)
- By optimising and effective use of property assets
- Rationalisation of our property portfolio
- Re-densification of prime assets (Civic, Synergy Park, Galley Hill)
- By relaunching the Corporate Landlord model into service areas where it has not been fully adopted
- By applying for grant funding to enhance and protect heritage assets

How will we measure progress?

- Delivery of the Asset Management Plan which sets out the rationale for holding each property and alternative uses where appropriate.
- Delivery of the Building Maintenance Plan which sets out the maintenance requirements and predicted spend over a 3-5 year period.

Pillar 2: Reduce the carbon footprint of our property operations, achieving carbon neutrality by 2030 and becoming carbon negative by 2050

Why is this objective important?

Milton Keynes Council needs to act in an ambitious and globally defining way to show that a sustainable future is possible. The property strategy will, therefore, significantly contribute to the delivery of the priorities in the Sustainability Strategy by achieving energy efficiencies; the provision of renewable energies wherever possible and a reduction in carbon emissions across the property portfolio.

How will we achieve this objective?

- By identifying all areas of waste and designing it out
- By ensuring that renewable energy sources are included in specifications as standard
- By reducing our water consumption and waste water
- By improving our recycling rates
- Through smart procurement of energy
- By using emerging technology to reduce emissions and generate power
- By ensuring that all new buildings are carbon neutral

How will we measure progress?

- Zero properties with an EPC rating of F or G by April 2023
- Reduction in carbon footprint across the property portfolio

Pillar 3: Optimise the value from the Commercial Landlord estate so that property is managed in an efficient, effective, and economic manner and income generated enables the Council to support social value and collaborative working in the community.

Why is this objective important?

Milton Keynes Council holds a large number of non-operational commercial assets, providing an annual rental income in excess of £2m per annum which helps to support the council's Medium Term Financial Plan. The shape of the portfolio is changing, with a reduction in farm ownership and an increasing reliance on tertiary retail space. We aim to support the local economy, maximise rental income from the commercial portfolio and deliver the optimum benefit from surplus property via

redevelopment or disposal. The Council is in a strong position to use its portfolio and powers to promote regeneration and deliver world class facilities through comprehensive land assembly.

How will we achieve this objective?

- By rebalancing the portfolio to minimise under-performing or high-risk assets and to reduce the reliance on tertiary retail
- By identifying non-core operational and commercial property and undertaking an options appraisal for development, disposal, or retention
- By managing void properties to ensure quick turnover
- By ensuring that our property management policies and procedures are transparent and are applied consistently
- Growth of sustainable income
- By managing all lease and license events to reduce risk to the Council
- By ensuring that there is an exit strategy or pre-let in place for all new-build commercial and operational property
- By applying RPI uplifts to rent reviews where the annual passing rent is less than £25,000 pa.
- Carrying out re-ratings exercises to reduce financial burden

How will we measure progress?

- Improved yield and secure investments
- Reduction in outstanding rent reviews
- Reduced arrears
- Reduction in the number of occupational irregularities
- Increased revenue generation from new work streams.

Pillar 4: Deliver value for money by reducing maintenance liabilities and running costs; improving the capital value of the estate; and making savings through smarter procurement.

Why is this objective important?

To become truly sustainable, we have to be creative in finding ways to do more with less. Achieving value for money is the cornerstone of this Corporate Property Strategy. Prudential Asset Management will help the Council to bridge any gaps in the Medium Term Financial Plan and shore up service delivery against the ever-

increasing budget pressures faced by all Councils.

How will we achieve this objective?

- Generate additional revenue through robust and timely estates management processes, including acquisitions.
- Reduce maintenance liabilities through asset transfer, disposal, and pre-lets on a fully repairing and insuring basis, leading to less pressure on revenue and capital spend.
- Reduce maintenance and running costs via the production of maintenance plans for budgeting purposes, ensuring spend is targeted effectively.
- Increase savings through smart procurement – bundling services and seeking innovative solutions to reap efficiency savings, increase creativity and productivity.
- Invest in the right assets, with the right focus to ensure that services are delivered and the value of the asset base increases, Milton Keynes Council is a desirable place to work, and staff retention rates are high.
- Providing the workplace arrangements to help our people make intelligent choices about where and when they work, improving productivity, creating a better work-life balance and providing an environment equipped for rapid change.
- Through a refresh and relaunch of Corporate Landlord with targeted Service Level Agreements
- By developing a self-sustaining funding model for the Property & Facilities Team
- By rationalising property information through one database which will provide relevant management information
- By reviewing all property management budgets and centralising those that remain in the service areas

How will we measure progress?

- Reduced maintenance and running costs
- Reduction in number of properties requiring maintenance
- Changed assumptions about how, where and when work is done, with flexibility as a default rather than an exception.
- More choices in where and how people work, including modern space designs supporting collaboration and flexible use.
- Delivery of a cost-neutral in-house Property & Facilities function by 2024.
- Embedding PAS3000 into design and function and using the Leesman Index to determine satisfaction

Pillar 5: Support the Council's growth and regeneration agenda by using our existing asset base to identify opportunities to develop housing and job creation through strong partnership working.

Why is this objective important?

Milton Keynes is a place where nothing has ever stood still, and innovation is embraced. We are ambitious for the future of Milton Keynes and recognise that being a truly sustainable city will require us to work cooperatively with our customers, businesses and partners, while setting pioneering but achievable goals with a clear framework on how to accomplish them.

How will we achieve this objective?

- Identifying a pipeline of assets which could be redeveloped for housing
- Identifying assets which could be used to pump-prime housing in partnership with developers
- By maximising synergies with other landowners and providers including MKDP/MK2050/Universities/LEP.
- By supporting communities and safeguarding heritage

How will we measure progress?

- Number of dwellings built, or enabled by, Council land holdings.
- Provision of collaborative working space with strategic partners

5. Governance

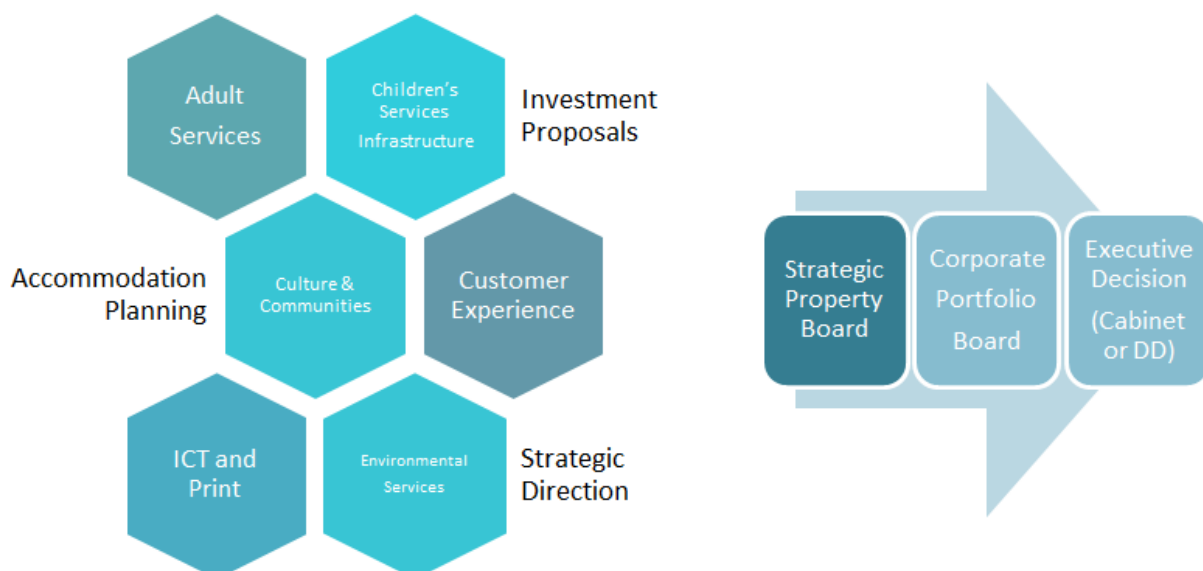
The Corporate Property Strategy has transparent and consistent decision making at its core. In response, Strategic Property Board (SPB) will receive all recommendations for strategic or key decisions relating to property held in the General Fund by Milton Keynes Council to ensure that proposals are consistent with the Corporate Property Strategy. These proposals must have gained approval at the service level boards prior to consideration by SPB.

Strategic or key decisions will relate to acquisitions, disposal, changes of use, and investment proposals relating to operational use.

The Board will at all times work within the framework set by the Corporate Property Strategy and the three key work streams:

- a) The Asset Management Plan
- b) The Building Maintenance Plan (including the Capital Programme)
- c) Property Management Policies and Procedures

The Board will act as a programme board to projects boards, making recommendations and providing guidance. Once a report has been approved by both the service level board and SPB, it will then go to Corporate Portfolio Board prior to an Executive Decision.



Appendix 1: Property Management Policy Principles

Supporting the Corporate Property Strategy are policies designed to assist with transparent and consistent property management. They are:

Acquisition and Investment

- That the yield from the investment should achieve a return to the Council at a specific percentage above the cost of capital borrowing, and after servicing the purchase costs, to be agreed on a case by case basis by the Council's Section 151 Officer.
- Due diligence checks are to be carried out on each acquisition.
- That investment risk is spread over a range of property assets with the aim of ensuring that the asset value should exceed debt across the portfolio contingency.
- The asset base is to be balanced so that risk is spread across a number of sectors.
- That the business case includes MK market analysis, including target sectors, acquisitions, investment size, MKC investment requirements (if any), geography, tenures, covenant strength, partners and risk management (including condition, age, construction, access)
- Risk management / exit strategies for each investment are clearly defined – each project should have alternative delivery options, should the preferred approach fall away for any reason.

Disposal and Transfer

- Property will only be identified as surplus to requirements having first been taken through the Asset Challenge process and clear reasoning provided. In exceptional circumstances, properties may be identified in advance of Asset Challenge.
- Ward Councillors and Town or Parish Councillors will be consulted when an asset is identified as surplus.
- Due diligence to be carried out prior to consideration of a disposal.
- The most appropriate disposal method to be identified (subject to relevant approval), which will usually be private sale, private auction, informal negotiated tender, formal tender, or exchange of property.
- The Council's policy is not to sell amenity land unless exceptional circumstances apply. Where exceptional circumstances apply, the decision on whether to dispose of the land will be taken at Executive Level by Delegated Decision.
- As standard, disposals will include either a restrictive covenant or an overage clause into the Deed of Transfer, unless exceptional circumstances prevent such protection. Where exceptional circumstances apply, the decision on whether to include a form of restriction will be taken by the Strategic Property Board. It may also be appropriate to include pre-emption rights on certain transactions.

Lease and Rent Management

- All new leases will generally be assessed on an open market rent basis. Social value may be taken into consideration if this is clearly in support of the Councils' main aims and objectives and a clear opportunity cost of not agreeing the lease can be identified.
- New leases will clearly explain both the landlord's and the tenant's obligations and responsibilities.
- Tenant selection and assessment will be clearly defined.
- Leases will specify how rent reviews will be conducted, along with the basis for assessment.
- Lease term will be considered on a case by case basis.
- Where the tenant is a charity or community group, rental uplifts will be on the basis of RPI.
- Prior to letting of construction contracts, all new-build properties will have a form of pre-let agreement in place either via a Management or Concession contract, or via an Agreement for Lease and Lease.

Accessibility

- Accessibility funding will be prioritised in order that duties under the Equality Act 2010 are discharged.
- Where it is not possible to improve access to a building, an access plan will be put in place and alternative arrangements made so that the Councils' services remain accessible.
- Poorly performing assets will be identified and recommendations made to rationalise the corporate estate.
- Equality Impact Assessments will be carried out on all new builds to ensure no-one has been discriminated against by our property management processes.

Risk and Compliance

- The Council will provide and maintain buildings that are safe for users and staff by ensuring that the duty of care is fulfilled by meeting its statutory requirements.
- Landlords' responsibilities under the prevailing Health and Safety legislation will be met.
- A rolling programme of surveys and assessments will be undertaken to identify, quantify, and prioritise any risks, or possible risks, to our staff, users, contractors, the general public and to our buildings.
- Safe management and ultimately the safe removal of any high priority risks identified will be given due importance.
- Procedures and measures will reflect the requirements of current legislation and regulations.

- In partnership with other public sector agencies, the Council will explore shared learning with the aim of reduce our costs, sharing opportunities to streamline inspections and testing regime, and to develop best practice.
- Contractors will be monitored to ensure that their performance targets are being met in relation to the Councils' inspection and testing regime.

Building Maintenance

- Maintenance spend will be focused on planned rather than reactive works.
- Energy saving works will be included in replacement programmes where it is cost effective to do so.
- Administrative buildings will be maintained to a Good (Grade B) standard.
- Essential statutory maintenance will be undertaken correctly and efficiently.
- The Property & Facilities team will engage with service managers through provision of appropriate and timely information to help them comply with all current policies, strategies and management procedures for health and safety including associated compliance.
- Predictable risks will be identified and managed for the health and safety of occupants and visitors.

Contact:

Property & Facilities

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