

Birmingham Property Services

Operating Model

Summary Document for the Scrutiny Committee

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1. Introduction

- 1.1 This document provides a brief summary of the operating model for Birmingham Property Services and is current at October 2015.

2. Current Position

- 2.1 BPS plays a corporate role in managing and directing the Council's property resources aligning these with changes in service strategies. BPS also supports regeneration projects which are based on the leverage provided by the Council's land ownership. All Directorates are reliant on BPS for corporate property information and support in the ongoing changes that the Council has to address. This information base has become a vital tool in supporting asset management as a catalyst or service change.
- 2.2 Services that BPS delivers include,
- Mandatory certification of all property valuations for accounting and other purposes
 - Asset Management of service directorates
 - Disposal of surplus property (c. £175M in the last 5 years)
 - Property input to major projects, eg New Street Gateway, Paradise Circus, Icknield Port Loop, etc.
 - Supporting Service Directorates eg project management for the Shard, Farm Road, Sutton Library & organisation/ service redesign – Adults and Communities
 - Supporting regeneration projects and employment creation
 - Leading the rationalisation of the central administrative buildings portfolio – enabling organisation change, saving circa £25.9M between April 2012 – 31 March 2015, with savings overall of £133M targeted by 2031/32.
 - Leading the development of a new approach to facilities management across the Council
 - Managing the commercial investment property portfolio sustaining c. £25m of gross income for the Council (including future years cost reductions)
 - Strategic advice and corporate property information

2.3 BPS has a track record of delivering financial outputs, contributing to corporate objectives and change programmes in the wider organisation;

- WFTF – CAB, Cross Portfolio, EFM
- Reshaping of Adults Services
- Major development projects
- Capital Receipts
- Annual Revenue Income
- Generating savings every year for BCC

3. **Key Drivers for 2015/6**

Projects:

- Deliver priority projects – New St Gateway/Grand Central, Paradise Circus, Icknield Port Loop
- Support Council objectives – Wholesale markets, major residential development sites in Bromsgrove, business park development at Peddimore, Birmingham Science Park Aston, Life Sciences Park, Arena Central, Eastside.
- Deliver operational projects

Commercial Property Income Stream:

- Maintain gross income
- Reduce costs and improve net income
- Optimise FM contracts
- Restructure portfolios, establish new governance process for investment property

Capital Receipts:

- Manage a programme of disposals
- Maximise capital receipts

CAB:

- Deliver programmed savings from the CAB portfolio
- Optimise the utilisation of CAB buildings

Property Information:

- Complete additional data transfer to Techforge
- Produce quarterly performance info on all portfolios

Asset Management:

- Support Local Services FOM and savings programme

Property Consultancy

- Maintain professional services to support all Council programmes

4. Dependencies

- In house expertise and capacity: the FOM depends on retaining essential expertise and capacity in house. However, there will be greater dependence on external support to deliver specialist advice and also capacity to cover peak demands. Client side officers will need to acquire project management skills for efficient management of mixed internal/external teams.
- External support drawn mainly from the Crown Commercial Services Estate Management Government Framework Contract, plus use of Find it in Birmingham (FIB). This is complemented through the use of a commissioning approach to service provision to ensure appropriate resources are used to meet priorities.
- Rationalisation of cleaning and security contracts
- Performance of Acivico
- Continued support from Legal Services and Finance

5. Operating Model (FOM)

5.1 Principles for Organisational Modelling

5.1.1 Corporate Strategic Drivers

- a. Good governance and compliance
- b. Strategic Support
- c. Financial Imperatives
- d. Customers and stakeholders
- e. Kerslake Report

5.1.2 BPS – Drivers for Change

- a. Financial imperatives
- b. Alignment with delivery of corporate priority outcomes
- c. Priority to support service directorates and changing service strategies
- d. Delivery of best corporate and strategic management of BCC property resources
- e. Maximisation of efficiencies, effectiveness and economies in planning and delivery of guidance, influence and support to BCC and delivery of BPS functions

5.1.3 BPS – Service design principles

- a. Optimise service delivery through mixed economy model, specialising and staffing to meet base requirements and contracting for task/ finish specialists and capacity top up
- b. Assignment of responsibility through the management lines for budgets, cost control, project delivery
- c. Flat, high capacity/ productive structure
- d. Flexible staffing resources within and across teams
- e. Minimise non productive overheads
- f. Prioritised annual work programmes
- g. Team mix/ cost centre approach with measured performance targets
- h. Comparative economy, flexibility and repositioning to support BCC changing priorities and short term needs, e.g. responsiveness to customers, elected members and service directorates
- i. Agreed service standards across BPS

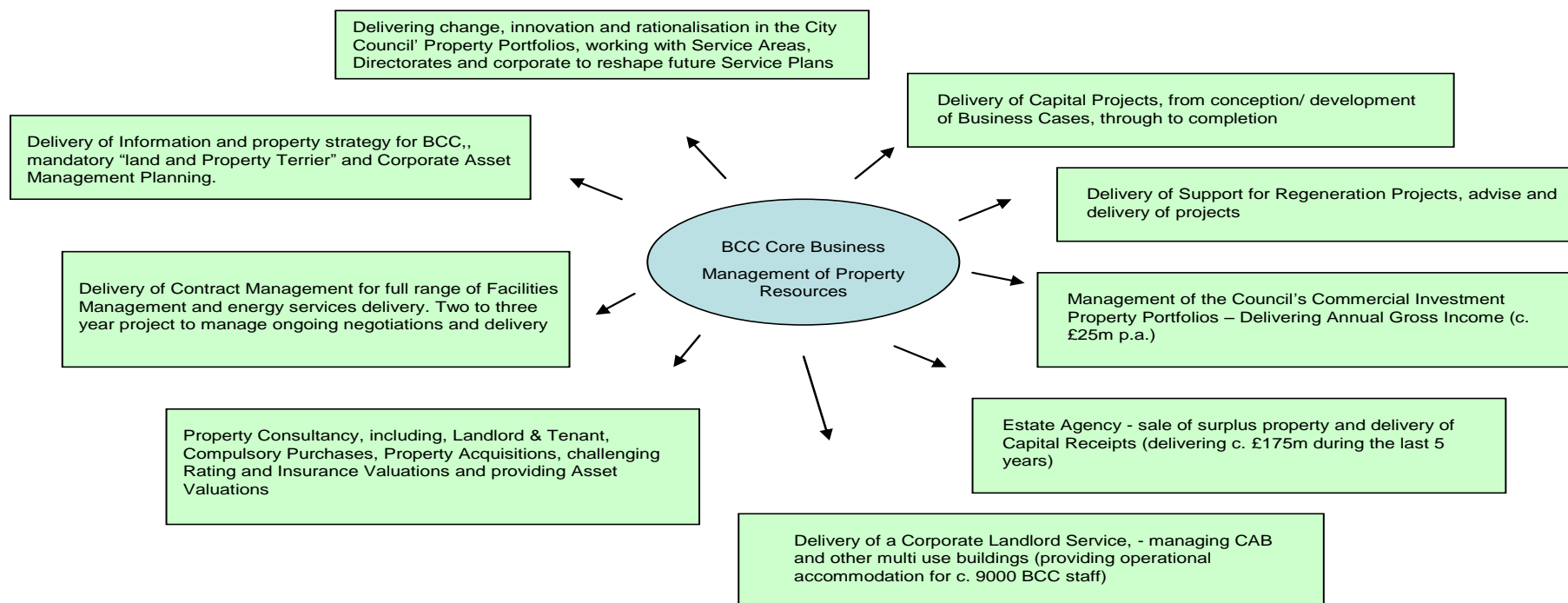
5.2 Objectives

- Better service to Directorates
- Improvements in joined up delivery
- Roll out project management principles
- Focus on delivery of core BCC business
- Greater flexibility
- Focusing limited resources on priorities
- Increased transparency and accountability
- Skills transparency
- Improved performance and management rigour
- Association of costs of delivery with outcomes/ outputs required and delivered
- Phased reduction in fixed overheads

5.3 Primary Stakeholders/ Customers

- Citizens of Birmingham
- Service directorates
- Constituencies
- Chief Officers
- Leader, Cabinet and other Elected Members
- Business tenants (Large Businesses & Small Start-up Businesses)
- Landowners
- Developers

Corporate Management of Property Resources - Delivery of Key Outcomes



BPS Alignment with a corporate & strategic approach to outcome management of BCC's second largest resource and expenditure - Property

5.4 Organisational Structure and Management Arrangements

- 5.4.1 The flat structure is managed through the BPS Management Board chaired by the Director of Property which sets and monitors targets across the division. Each service area/cost centre is managed by a Head of Service (grade 7) with Business Centre Managers (grade 6) responsible for individual teams. Flexibility is provided through generic job descriptions and with the support of staff BPS is able to flex staffing resources across teams to respond to priorities. Increasing the use of dashboards to monitor financial and non financial performance.

6. Team Structures

Service Area	Priority	Resource Model	Comment
Projects	Priority Projects	Mixed Need to further develop project management capacity – as opposed to direct delivery	Capacity and make up of teams structured in line with agreed programme and availability of funding
Asset Management	Non schools property portfolio transferred from CYP&F, with staff/ FTE establishment & full funding – salaries plus oncosts, plus overheads contribution Improve management performance of transferred property portfolio (outputs/ outcomes targeted, and opportunities for rationalisation) Continue to pursue similar with Housing for non-HRA Continue support for Local Services FOM and drive out savings Transfer in responsibility for non commercial leased out property	In house FM via Acivico	Significant, comprehensive requirements from Local Services Directorate. Opportunities for portfolio rationalisation and savings
Commercial Property Management	Increased resources and improved tactics to Marketing & Lettings given current property market and economic environment Continued improvement in “gross to net” income, incl. challenges to Rates values & demands, insurance quotes and energy bills/ costs Continued review, rationalisation & disposal of under-performing, non-strategic properties from portfolio Rationalise FM contracts Split out non commercial properties and transfer to Asset Management Establish better governance arrangements with Member involvement at a high level	Mixed – establish joint agency for some elements of the portfolio	Team suffering from resignations of staff to go to private sector. Increasing use of agents for lettings.

Service Area	Priority	Resource Model	Comment
Corporate Landlord	Delivery of CAB Business Case savings Must deliver required re-stacking in support of significant ongoing BCC organisation change	In house FM via Acivico Security via Local Services	Service Area was redesigned in 2012/3
Property Consultancy	Maintain capacity and specialisms – for expedience of delivery to support across all Council programmes Deliver capital receipts targets from the disposals programme	Largely in house but external capacity required to deliver the disposals programme Continue to deliver priorities ; CPO, Rating Valuations, Insurance Valuations, Asset Valuations (for Annual BCC Accounts), BCC compensation payments, RTBs for Housing Tenants, etc.,	Centralisation of professional valuation related disciplines will provide a centre of excellence. Enhances skills development of in house staff
Property Strategy & Information	Ongoing high level importance of data quality relating to Property Asset Register and BCC Annual Accounts etc Need to maximise the capability and capacity of Techforge to produce management information	In house	Maintaining data quality is essential for the credibility of the team.

7.1 Future Operating Model (FOM) – Proposals

