



Meeting: **Scrutiny Commission**

Date/Time: **Wednesday, 4 September 2024 at 10.00 am**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mrs J Twomey (Tel: 0116 305 2583)**

Email: **joanne.twomey@leics.gov.uk**

Membership

Mr. M. T. Mullaney CC (Chairman)

Mr. N. D. Bannister CC Mr. T. Gillard CC
Mr. T. Barkley CC Mr. M. Hunt CC
Mr. M. Frisby CC Mr. J. Morgan CC
Mrs. H. J. Fryer CC Mrs. R. Page CC
Mr. S. J. Galton CC Mr. T. J. Richardson CC

AGENDA

<u>Item</u>	<u>Report by</u>
Webcast. A webcast of the meeting can be viewed at [insert link].	
1. Minutes of the meeting held on 10 June 2024.	(Pages 3 - 8)
2. Question Time.	
3. Questions asked by members under Standing Order 7(3) and 7(5).	
4. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.	
5. Declarations of interest in respect of items on the agenda.	
6. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.	

7. Presentation of Petitions under Standing Order 35.
8. Medium Term Financial Strategy - Budget Monitoring and MTFS Refresh Director of Corporate Resources (Pages 9 - 10)
9. East Midlands Shared Service Annual Performance Update 2023/24 Director of Corporate Resources (Pages 11 - 22)
10. Annual Report on the Traded Services Strategy 2023/24 Director of Corporate Resources (Pages 23 - 32)
11. Corporate Asset Management Plan 2022-26 - Annual Performance and Strategy Update 2023 - 2024 Director of Corporate Resources (Pages 33 - 74)

12. Date of next meeting.

The next meeting of the Commission is scheduled to take place on 6 November 2024 at 10.00am.

13. Any other items which the Chairman has decided to take as urgent.

14. Exclusion of the Press and Public

The public are likely to be excluded during the following item of business in accordance with section 100(a) of the Local Government Act 1972:

- Proposed M69 Junction 2 Stoney Stanton Strategic Development Area

15. Proposed M69 Junction 2 / Stoney Stanton Strategic Development Area Director of Corporate Resources (Pages 75 - 90)



Minutes of a meeting of the Scrutiny Commission held at County Hall, Glenfield on Monday, 10 June 2024.

PRESENT

Mr. M. T. Mullaney CC (in the Chair)

Dr. R. K. A. Feltham CC
Mr. M. Frisby CC
Mrs. H. J. Fryer CC
Mr. J. Miah CC

Mr. J. Morgan CC
Mrs. R. Page CC
Mr J. Poland CC
Mr. T. J. Richardson CC

1. Appointment of Chairman

RESOLVED:

That it be noted that Mr. T. Mullaney CC has been appointed Chairman of the Scrutiny Commission for the period ending with the Annual Meeting of the County Council in 2025 in accordance with Article 6.05 of the County Council's Constitution.

2. Appointment of Vice Chairman

RESOLVED:

That Mrs R. Page CC be elected Vice-Chairman of the Scrutiny Commission for the period ending with the date of the Annual Meeting of the Council in 2025.

3. Minutes.

The minutes of the meeting held on 26 January 2024 were taken as read, confirmed and signed.

4. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 34.

5. Questions asked by members under Standing Order 7(3) and 7(5).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

6. Urgent items.

There were no urgent items for consideration.

7. Declarations of interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mrs R. Page CC declared a Registerable Interest in Agenda Item 16 (East of Lutterworth Strategic Development Area) as a member of Harborough District Council.

8. Declarations of the Party Whip in accordance with Overview and Scrutiny Procedure Rule 16.

There were no declarations of the party whip.

9. Presentation of Petitions under Standing Order 35.

The Chief Executive reported that no petitions had been received under Standing Order 35.

10. Provisional Revenue and Capital Outturn 2023/24

The Commission considered a report of the Director of Corporate Resources, the purpose of which was to present the provisional revenue and capital outturn for 2023/24. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

The Chairman welcomed Mr L. Breckon CC, Lead Member for Resources, to the meeting for this item. In introducing the item, Mr Breckon said that the Outturn position was to be welcomed. Before Christmas, it had been expected that the Council would need to use its reserves to balance the budget. Fortunately, however, due to steps taken this had not been necessary and he thanked officers for their hard work during this period. Mr Breckon highlighted that significant challenges still lay ahead as the Council continued to have a £33m funding gap in 2025/26 and there was much uncertainty regarding future Government funding.

Arising from discussion, the following points were made:

- (i) The additional income received matched exactly the Net Overspend. The income had come from a mixture of additional business rates and other government income. The Director confirmed that the income did not come from the Council's reserves.
- (ii) A Member raised concern that the overspend in Children's Social Care Services was a year-on-year occurrence. A Member highlighted that the number of children requiring a high level of care at a very high cost were few and resulted from them having very complex needs and therefore requiring 24-hour care. This was not reflective of the average cost of a SEND placement.
- (iii) The Council had been seeking for some time to build its own provision and to reduce reliance on the private sector. However, this took time and there were still issues around recruitment which were having an impact.
- (iv) As part of the budget process for 2024/25 a rigorous review of the Children's Social Care Services budget has been undertaken to ensure demand

pressures were captured and forecasted as accurately as possible. However, this was a difficult process as demand related to not only the number of children requiring support, but also the level of support needed. There were also a number of factors outside the control of the Council.

- (v) A number of transformation workstreams were in progress within the Children and Family Services Department intended to manage demand pressures. These included the Transforming SEND in Leicestershire Programme, work around Commissioning and looking at how best to meet need (reducing reliance on private sector provision) through the Social Care Investment Programme. Members noted that progress in the delivery of these programmes was monitored regularly by the Children and Family Services Overview and Scrutiny Committee.
- (vi) A Member highlighted that the Council had statutory responsibilities to look after children and young people up to the age of 25. This responsibility was imposed without any additional funding being provided by the Government. The Department was also required to support an increased number of unaccompanied asylum seeking children, again with insufficient resources being provided by the Government to support this work.
- (vii) It was recognised that the pressures on SEND services was a national issue and a Member questioned if councils were seeking to join together to find a geographical solution. The Director confirmed that the Council engaged with neighbouring authorities regularly on a range of SEND matters, particularly as they were often competing for the same resources. Councils were also joining together to lobby the Government for legislative change and additional funding.
- (viii) The school meals service was expected to see a return to profitability next year. An action plan had been put in place which was in progress.
- (ix) It was questioned whether the Council had considered if there was potential to generate income from green waste disposal. The Director undertook to raise this with the Environment and Transport Department.

RESOLVED:

That the provisional revenue and capital outturn for 2023/24 be noted.

11. Corporate Complaints and Compliments 2023/24

The Commission received a report of the Director of Corporate Resources, the purpose of which was to present the Corporate Complaints and Compliments Annual report, covering from 1 April 2023 to 31 March 2024. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

Arising from discussion, the following points were made:

- (i) The Local Government Ombudsman had confirmed that like all local authorities it was seeing a spike in the number of complaints received. The Ombudsman had been focusing more on the severity of injustice to the complainant. However, even those which resulted in no action being taken featured in the report to provide a holistic view. Most complaints were closed

after assessment as the Ombudsman was usually satisfied with the Authority's response.

- (ii) A Member commented that the 40% national increase in complaints regarding special education needs (SEN) was of great concern. It was noted that most complaints related to delays in the education and health care plan (EHCP) assessment process. Members noted that this was mainly due to a lack of educational psychologists nationally. Their input as part of the assessment process was a legal requirement and so the Council could not work around this. It was noted that the Council had sought to appoint an external provider to help address the back log, however, other authorities were also seeking the same added support.
- (iii) Complaints were distinguished between those that related to service failure and those that related to policy. Provided the Council followed its agreed policy, a complaint made purely on this basis would not be upheld but it would still be recorded as a complaint.
- (iv) A Member asked how the Council compared with other local authorities. The Director explained that the Council was benchmarked against statistically comparable authorities and this data was presented in an annual report to the Corporate Governance Committee as part of the Local Government and Social Care Ombudsmen Annual Review. However, as each authority had a different approach to complaints handling, it had not been possible to compare data at a local level. Members noted that this might be reconsidered as part of work being done to respond to the new Complaints Code of Practice.
- (v) The Authority sought to collect all customer compliments. However, a number were received informally, directly by staff and it was recognised that not all of these were passed on. Staff were encouraged to collect and share these wherever possible.
- (vi) As part of the annual report, the volume of in year complaints was analysed and compared against previous years. This enabled consideration to be given to whether any reoccurring issues were arising and what was being done to address these. Some were subject to departmental transformation programmes, the Transforming SEND in Leicestershire Programme being an example. However, some simply required additional training or guidance for staff.
- (vii) A Member queried how complaints had been received regarding grass cutting contractor performance when this had been a service brought in house some years ago. The Director undertook to seek further information from the Department and report back to Members after the meeting.

RESOLVED:

- (a) That the Corporate Complaints and Compliments Annual report, covering from 1 April 2023 to 31 March 2024 be noted;
- (b) That the Director provide more information regarding those complaints which related to grass cutting and the performance of external contractors.

12. Overview and Scrutiny Annual Report 2023-24

The Commission considered the draft Overview and Scrutiny Annual Report which summarised some of the key highlights of scrutiny work undertaken during 2023/24. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

(a) That the draft Overview and Scrutiny Committee Report for 2023/24 be approved for submission to the County Council in July 2024;

(b) That, following its consideration by the full County Council in July, a copy of the Annual Report be provided to all Members for wider circulation.

13. Dates of future meetings.

RESOLVED:

That the following dates for meetings of the Scrutiny Commission in 2024/25 be approved:

Wednesday, 4 September 2024

Wednesday, 6 November 2024

Monday, 27 January 2025

Monday, 10 March 2025

Monday, 9 June 2025

Monday, 8 September 2025

Monday, 10 November 2025

14. Exclusion of the Press and Public

RESOLVED:

That under Section 100A of the Local Government Act 1972, the public be excluded for the remaining item of business on the grounds that it involved the likely disclosure of exempt information as defined in Paragraphs 3 and 10 of Part 1 of Schedule 12A of the Act and that, in all circumstances of the case, the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

15. East of Lutterworth Strategic Development Area

The Commission considered an exempt Cabinet report of the Chief Executive and Director of Corporate Resources, the purpose of which was to advise of progress with the delivery of the East of Lutterworth Strategic Development Area (SDA) and to seek agreement on how to progress the scheme. A copy of the report marked 'Agenda Item 16' is filed with these minutes.

The report was not for publication as it contained information relating to the financial or business affairs of a particular person (including the authority holding that information).

Members raised questions regarding the options for delivery and in particular, delivery of the access road, the level of affordable housing and the potential for future Government grant funding.

RESOLVED:

That the recommendations as set out the exempt Cabinet report be supported.

10.00 - 11.48 am
10 June 2024

CHAIRMAN



SCRUTINY COMMISSION – 4 SEPTEMBER 2024

MEDIUM TERM FINANCIAL STRATEGY – BUDGET MONITORING AND MTFs REFRESH

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the members with an update on the County Council's short and medium term financial position in light of the current economic climate. The report also details the changes to the previously agreed 2024-2028 capital programme following the latest review and covers the specific revenue budget monitoring position as at the end of period 4 (the end of July).
2. A supplementary report setting out the detailed position is currently being finalised to ensure that it includes all the required period 4 monitoring information, and this will be circulated to members and published on the County Council's website as soon as it is available.

Policy Framework and Previous Decisions

3. The Medium Term Financial Strategy (MTFS) for 2024/25 – 2027/28 was approved by the County Council on 21 February 2024. The MTFS forms part of the Budget and Policy Framework as set out in Part 4C of the Council's Constitution.

Timetable for Decisions

4. The Cabinet will consider a report on the MTFS position on 13 September 2024, including the proposed changes to the previously agreed 2024 – 2028 capital programme.
5. The Cabinet will be asked to approve the draft MTFS 2025-2028 for consultation in December 2024. All Overview and Scrutiny Committees and the Scrutiny Commission will consider the draft MTFS in late January 2025 and the Cabinet will then make a final recommendation to the County Council in February 2025.

Recommendation

6. The Scrutiny Commission is asked to note the contents of the report.

Equality Implications

7. There are no equality implications arising from this report.

Human Rights

8. None

Circulation under the Local Issues Alert Procedure

None

Background Papers

Report to County Council -21 February 2024 – Medium Term Financial Strategy
2024/25 to 2027/28

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CIId=134&MIId=7305&Ver=4>

Officers to Contact

Declan Keegan, Director of Corporate Resources

Tel: 0116 305 7668

Email: declan.keegan@leics.gov.uk

Simone Hines, Assistant Director of Corporate Resources

Tel: 0116 305 7066

Email: simone.hines@leics.gov.uk



SCRUTINY COMMISSION – 4 SEPTEMBER 2024

EAST MIDLANDS SHARED SERVICES **ANNUAL PERFORMANCE UPDATE 2023/24**

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the Report

1. The purpose of this report is to provide the Commission with a summary of the performance reported to the Joint Committee of East Midlands Shared Services for 2023/24 and an update on progress against strategic priorities in 2024.

Policy Framework and Previous Decisions

2. In 2010, Nottingham City Council (NCC) and Leicestershire County Council (LCC) formed a partnership to share their HR, Payroll and Finance IT system and jointly deliver HR administration, payroll and finance transactional services.
3. In September 2010, the County Council's Cabinet agreed to establish a Joint Committee to oversee the operation of the Shared Service comprising elected members from both Councils. At officer level, each Council has a Sponsor, which at Leicestershire County Council is the Assistant Director of Finance, Strategic Property and Commissioning. These arrangements remain in place.

Background

4. East Midlands Shared Services (EMSS) was created on 1 September 2012. The Employee Service Centre is based at County Hall in Leicestershire and the Finance Service Centre at Loxley House in Nottingham.
5. The Service operates on a shared IT platform. In 2018, the partner Councils procured a replacement system, Oracle Fusion, and commenced an implementation programme, 'Fit for the Future', across HR, Payroll, Finance and Procurement. The programme completed in March 2022 with the implementation of the new system across the two Councils and EMSS.
6. The Strategic Plan for EMSS is underpinned by three key themes: stabilisation, optimisation and development with the following priorities having been identified for EMSS until 2025:
 - Deliver a great experience for all users, with systems and processes that are intuitive, easy to use, and digitally enabled. **(Customer)**

- Deliver quality, affordable services (**Operations**)
- A supportive and flexible work environment, encouraging creative problem solving, continuous professional development and career opportunities (**People**)
- Deliver value for money through improved systems, services and processes which support enhanced productivity and reduce overall costs. (**Finance**)
- Leveraging technology to deliver existing services securely and reliably and supporting improvement and growth within service areas. (**Technology**)
- Expand our customer and/or service portfolio. (**Growth**)

Performance Summary

Finance

7. The overall outturn position for EMSS on 31st March 2024 (period 12) was £5.61 million, which represents an overspend of £12k (or 0.2%) against the approved budget for the year. The outturn for each service is explained as follows:
 - Finance Service Centre (FSC) - £10k underspend due to managed vacancies, compensation for services lost following a cyber incident and offset of reduced Debt Collection Agency (DCA) charges.
 - Employee Service Centre (ESC) – £72k underspend arising from earlier than anticipated staff turnover following the staffing restructure, additional income for DBS processing (Disclosure and Barring Service - checks for criminal records) this is offset by increased costs associated with Oracle learning subscriptions, Chartered Institute of Payroll Professionals (CIPP) re-accreditation, Oracle consultant support, and loss of income from schools and academies.
 - Management & Business Development – £47k underspend, as a result of managed vacancies to support wider organisation and budget.
 - ICT On-going - £141k relates to a Mastek (the company contracted to provide IT support for Oracle) quarterly invoice that the service was unable to accrue for in 2022/23 due to the timing of the invoice it had to be processed in 2023/24. If the invoice had been processed in 2022/23 there would have been no underspend/overspend reported.
8. A full review of FSC services, performance and efficiency has taken place as planned to enable partners to assess the value for money delivered and opportunities for improvements. While this is largely complete for the FSC, it will remain a work in progress to ensure regular review of all processes and value for money can be demonstrated at any time. The final aim is to benchmark the service against other local authorities and or industry standards. CIPFA has confirmed it does not have a current benchmarking service, and whilst other providers can provide the service at a cost, that potential cost

needs to be discussed and agreed with sponsors before moving forward. The findings of the FSC report are due to be reported to the EMSS Joint Committee in December 2024. The review of the ESC will follow in the new year. The relevant committees in both Councils will also receive reports on the outcome of the reviews.

Growth

9. The FSC has completed its project to bring the collection of all Sundry debt for both LCC and NCC across all sectors in house.
10. The enhanced collection service has delivered a significant reduction in past due debt. Over the last 12 months a reduction of £2.1million for LCC, with even further reductions recognised if we go back to the start date of this project going live. The Public-sector in-house collections service was completed in January 2023, the Business sector collections service was completed in May 2023, and Individuals completed in April 2024.
11. A review of collection opportunities across both LCC and NCC is underway.
12. With ongoing system and historic payroll issues in the ESC still present, focus remains on getting the basics right and providing agreed services, with a 2025 plan to develop the service.

Customers

13. In Quarter 4 2023 the customer satisfaction rate was 74%. The target is 85%. In Quarter 4 2024 the customer satisfaction rate was up to 83% against the same target of 85%. Regular customer boards are held within the service to ensure any genuine unsatisfactory feedback is managed, and any query types contributing towards any negative feedback are also reviewed and managed accordingly.
14. The average time taken to resolve queries as of March 2023 was 3 days. As of March 2024, average resolution times remains at 3 days. Across the year April 2023 to March 2024 the FSC, ESC and Business Development services within EMSS completed an average of 10,642 tickets per month.

High resolution times can be attributed to:

- a. Ensuring guidance is in place for standard queries, with links to the guidance provided on all correspondence.
- b. Increased canned responses creating an accurate uniform response for repetitive queries.
- c. Automated redirection of queries to ensure specific subject headers are directed straight to the correct point of contact immediately.
- d. The availability of User Engagement sessions to ensure processes are demonstrated, as well as the impact of not following best practice being made visible. The opportunity to question any element of the process and gain a full understanding of what it requires is also encouraged.

- e. Query handling through the use of the Freshdesk system. Encouraging everyone to use the ticketed service where possible (to reduce general emails and phone calls)
 - f. Establishment of Customer Boards for each service which examine in detail the performance of query management and target incremental month on month improvements.
 - g. Full visibility of all stats and analysis that allows the service managers to understand where the success, demands and blockages are.
15. Customer satisfaction remains one of EMSS's highest priorities and through the monthly customer boards, services challenge their performance against service level agreements, as well as examine their interactions and processes through the 'eyes of the customer' to identify areas that require improvement.
16. In September 2023 the decision to serve notice to education customers with regards to payroll services provided to schools and academies was communicated to the Scrutiny Commission. Following a procurement process by individual schools, contracts were awarded to an alternative provider (Data-Plan) in September 2023. However, following this transition, there have been multiple issues with the service, namely the late filing of monthly submission files, and errors with some pension contribution figures and additional voluntary contributions. Whilst this service is no longer provided by EMSS, the County Council is ultimately responsible for any pension issues relating to maintained schools that fall under Leicestershire County Council as the employer. A weekly call is in place to deal with existing errors and Data Plan have assured EMSS that additional training and a new structure with additional resource and expertise will be in place by September 2024, which should eliminate the current issues. This is being managed very closely by the ESC with escalation to senior officers at both LCC and Data-Plan when necessary.

Technology

17. EMSS is a service heavily reliant on technology and therefore it forms a significant part of its work.
18. The focus for the ESC has been the stabilisation of the Oracle Payroll functionality. Issues identified following implementation have since been resolved by Oracle and focus is now on standard functionality, ensuring that service is provided problem free.
19. The ESC has also introduced the Assure system. Assure is a product of egress that interrogates the Gross to Net payroll run and helps identify issues so that these can be resolved before the final payroll run is completed. It can help the payroll identify trending errors so that they can be addressed. Primarily it was procured to support the vast quantity of quality checks needed to implement the sickness solution as part of parallel payroll runs. However, its significant functionality is supporting improvements month on month.
20. The first big change of the year in Oracle was the launch of the Oracle Recruiting Cloud (ORC) in April 2023. In order to use the module a number of

compromises were required, mainly to accommodate staff without work email addresses. At that time both partners committed to providing work emails, however, this has proven more complex than anticipated.

21. Significant work has been undertaken in working with our managed support service Mastek, to improve the delivery of the Managed Service contract. Service levels are now generally within contract requirements and the service plan continues to drive improvements.
22. The partners purchased Oracle Guided Learning (OGL) in May 2023 as part of the Oracle contract renewal. EMSS picked up its implementation to ensure that it was available for use by partners, however the uptake was not uniform. This allowed an additional review before committing further expenditure on the system. Both partners again agreed that the service on offer was excellent and with new training and guidance required as a result of Redwood, OGL offered the easiest and most effective way to deliver this. Redwood is a system update driven directly by Oracle and is the new look and feel for the Oracle system. There are some functionality changes, that EMSS are currently working through to test. The new pages will become mandatory in early 2025, and currently affect payroll and HR, procurement and supplier set-up.
23. Another new feature resulting from the contract renewals was the introduction of Fusion Analytics Warehouse (FAW) for both finance and Human Capital Management (HCM). This is a reporting system that allows for far greater analysis of data as well as the ability to combine information in Oracle with other data sets. As this was a late addition into the bill of materials there was no budget for implementation, so EMSS was able to use its in-house expertise to configure, firstly the finance system in Q2 and the HCM system in Q4. There were some issues getting the EMSS account activated, and this has resulted in a £50,000 refund from Oracle.
24. Following the implementation of the Kefron system, which brought a touch free 24 hour supplier invoice validation process, it was recognised that an enhancement of this service to enable real time invoice processing was available, and so phase 2 of the project was completed in October 2023, and ensures that invoices submitted by suppliers are presented into Oracle for processing immediately. This has allowed the FSC to support LCC with their supplier early payment offering (early payment partnership with Oxygen Finance.) Without this development and the use of technology, this project would have required an off-system workaround,
25. An Oracle Cloud Infrastructure (OCI) health check was undertaken in October 2022 to ensure that the configuration of the core infrastructure of the Oracle system conformed to best practice and did not present any potential weaknesses. Overall, 61 deficiencies were identified, some of which were serious. Work began immediately to remedy the worse issues. However, the best way of resolving the majority of the issues was to move from Oracle's Gen 1 infrastructure onto Gen 2. This would also improve general system running and should, over time, reduce the costs of universal credits. The move to Gen 2 was completed in November 2033 and all identified weaknesses addressed in

line with Oracle's recommendations. A second health check following this work is currently in process to ensure everything has been captured.

26. There has been significant procurement activity led by EMSS both on its own behalf and leading for partners. Below is a summary of the key achievements:
- Oracle/Softcat contract renewal for 5 years – delivering a reduction in forecast costs and new functionality.
 - Managed Service provider – Mastek for 3 years. Delivering a reduction in forecast costs.
 - Freshworks contract renewal for 2 years. Maintaining the competitive discount from the initial contract.
 - Kefron contract agreed – delivering improved functionality and value.

Audit outcomes

27. Nottingham City Council Internal Audit (NCCIA) is the designated Internal Audit provider for EMSS. This forms part of the original partnership agreement between Leicestershire and Nottingham. There have been a number of delays to 2023/24 audits and due to staffing shortages and other work commitments NCCIA has not committed to perform internal audits past 2025. The latest audits for the FSC, ESC, and sys Admins I.T, have now been completed.

AP Audit – Outcome – Significant assurance.

Generally sound system of control designed to meet the organisation's objectives and that controls are being applied consistently in the areas reviewed. There were no recommendations made.

Processes included in the 2023/24 Audit were:

- Supplier portal governance
- Change of bank account
- Implementation of new OCR scanning solution
- BACS authorisation
- Exception reporting – credit balances
- Key performance reporting

AR audit – Outcome – Moderate Assurance.

Generally, a sound system of internal control designed to achieve the organisation's objectives with some exceptions. Only one recommendation made in relation to dunning letters. A system failure has already been identified prior to audit and a workaround put in place. Having the issue fixed was the recommendation.

Processes included in Audit:

- Debt Collection Strategy
- Write off / adjustment process
- Broken Instalment process
- Refund process
- Direct Debit Process
- KPI Reporting.

ESC Audit – Outcome - Limited Assurance

Weaknesses were identified in the procedures and controls in key areas. The move to Oracle Fusion in 2021 caused a significant number of issues for Payroll and HR. It is acknowledged that ESC has come a long way from when Oracle Fusion was first introduced and signs of improvement can be seen within the audit report. However, due to the number of historic issues, ESC still has some distance to travel in the improvement journey. In addition, some of the process issues sit with Partner controls and processes that the ESC has very little influence over.

Processes included in Audit:

- Starters
- Salary Overpayments
- Key Payroll Recommendations
- Leavers
- Exception Reports
- BACS Authorisation
- Follow up on previous audit recommendations.

ICT Audit – Outcome - Moderate Assurance (with an upward trend)

Generally, a sound system of internal control designed to achieve the organisation's objectives with some exceptions. Only One recommendation made: Vulnerabilities previously reported by Oracle have been addressed, however, there is a need for the system to be regularly scanned to confirm that the configuration remains secure.

Processes included in Audit:

- Business Continuity Plan
- Oracle Fusion Health check
- Roles & Access
- System data handling

28. The EMSS Joint Committee has not yet approved the EMSS Audit Plan for 2024/25 due to concerns over resources. NCC are due to present a revised proposal to deliver the 2024/2025 audit at the next Joint committee meeting in September 2024. The agreement to carry out internal audits beyond 2025 is still to be agreed.

29. It should be noted that Audit matters are managed and monitored by the County



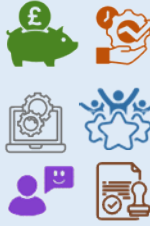











Council's Corporate Governance Committee and any comments regarding audit should be referred to that Committee. NCCIA attended the previous Corporate Governance Committee meeting to present and answer questions regarding members' audit concerns.















EMSS Work Programme / Business Plan Priorities 2024/25

Benefits Key

Stat / Policy Requirement		Cost Savings		Process Improvement	
Customer Experience		Staff Welfare		Automation	

Project / Priority	Benefits	Description	Status	June 24 Update
Organisational - Performance Reporting		Improve reporting capability and measures. Automate and improve use.		Following a demonstration of Fusion Analytics Warehouse, work is underway to use the new systems to produce reports and data.
Technology - Oracle EBS archive		To transfer the data in EBS to an archive state		Work is underway to assess the post March 25 options. The aim is to complete by March 25, however this relies heavily on NCC closing all previous period accounts
Technology - Oracle Analytics implementation		New functionality negotiated during the contract renewal. Finance available 2023 and HR 2024		The Finance system is fully implemented and final tests on line-manager security are being undertaken by partners on the HR system
Technology – Oracle Guided Learning		A new system that will greatly improve the user experience of using Oracle		Both partners have agreed to retain OGL, so work is now underway to renew the contract and complete the implementation
Technology - Oracle Cloud Infrastructure Health check		A health check highlighted a number of significant inadequacies with the set-up.		Work is underway with Oracle to investigate some anomalous account issues which would flag on the new health check before formally starting the review. Complete awaiting findings.
Technology – Oracle Redwood Interface Implementation		Oracle have developed a new interface /front end for their system which is being rolled out module by module		The 24B update has slowed down progress of this project, and there are some role compatibility issues being worked through. This will require some input from

				Mastek .The Updated screens will become mandatory in May 2025.
Review of the Oracle Support Service		A review of the service to ensure it is meeting customer needs		Work began with a workshop for the staff to capture all the services currently delivered. A survey for partners will follow
Procurement of customer support system		The Freshdesk contract will end in Feb 25, so a new procurement exercise has been started		Work has begun on understanding requirements and looking at how the market has moved.
FSC – Best Value Review		A full review of FSC services, performance and efficiency. To enable partners to assess the value for money delivered and opportunities for improvements		The review has been shared with LCC partner colleagues for internal scrutiny and comment. Work to incorporate their comments and complete the review is underway. When completed, this will be shared with Sponsors.
FSC – Duplicate payment identification system replacement		The current system requires upgrading		Currently investigating whether to purchase a system or development in-house.
FSC – Oracle Post Implementation Value Investigation (PIVI)		A service from Oracle to review the system and processes post go-live to ensure best use is being made. Will also report on functionality not being fully exploited		Oracle have produced a summary of the main AR issues to assist an in-depth root cause analysis
FSC - Dialler system and SMS software		A new system to automate the contacting of customers about their debts either by text or by phoning		Investigations have begun around the current telephony systems and their capabilities before looking to a new system
FSC – LCC ASC Debt		To move the service to the FSC improving processes and recovery rates		This project is in its initial stages, working exclusively within the existing dept before any planned transfer

FSC - Supplier Portal roll out		A self-service module for suppliers to manage invoices and payments		Work continues to move suppliers onto the portal. Have agreed a final round of invitations before use becomes mandatory
FSC - AR Customer Portal Bill Management		Self-serve portal to get copy invoices and view account		This project is currently on hold following Oracles decision to charge license fees per customer per month for the use of this. A Customer self-serve portal is still a high priority, so currently other products and options are being investigated.
Paperless Direct Debits		Project to move customers to paperless direct debits to reduce printing, postage and resource		Developing a business case to move customers to online direct debits. This
ESC - HCM and Payroll Transformation. Year 2		Review, define, and re-establish the operating model for the Employee Service Centre (ESC).		Work is progressing including utilising the partner meetings to agree Oracle Change Requests. Transformation Plan will be updated for 2024/25.
ESC – Implementation of ‘seeded’ absence, LGPS fixes and seeded Teachers’ Pension Scheme		Required to move from custom to seeded absence scheme within payroll system by August 24.		implementation of seeded absence is complete. In light of continued issued both Teachers’ pension Scheme and MCR will be delayed.
ESC – resolve ‘reducing balances’ element issues		Issues still outstanding from ‘go-live’ on certain payroll elements, i.e those where the balance reduces each month over a set period of time.		Work has now commenced on the remaining elements which don’t reduce properly following the completion of the work above seeded absence work. due to complexities involved, This is planned to be completed by April 25
ESC – Office move		Plans have been agreed to move the ESC and BD staff into the main Pen Lloyd building		An outline office plan has been agreed and work will begin on detailed lay outs. Staff have been made away that the move will happen this year.

Summary

30. In summary, overall, 2023/24 was a positive year for EMSS. The Service continues to deliver improvement projects which will benefit LCC and the

partnership in the future, e.g. real time touch free invoice processing, bank verification systems as well as additional debt recovery services.

31. The FSC remains in a strong position, The 'Best Value' review that is underway should provide ideas and opportunities for improvement, alongside the LCC projects and initiatives that EMSS are also part of, e.g., Sustainable Support Services Programme.
32. The ESC, whilst facing some challenges has a robust plan in place to rectify the issues and has demonstrated through the decision to cease trading with the education sector, that it has the interests of LCC and the partnership at the heart of its improvements.
33. Technology wise, EMSS have a robust contract management arrangement in place with Mastek, who provide the IT support for Oracle. Equally, EMSS's interface with Oracle and other local government Oracle customers is a key priority, as the Service is keen to help ensure LCC gains the best value from its investment in the system.
34. The service continues to embrace technology and drive performance forward, with Redwood, OGL & FAW being the primary technology projects for 203/24.

Background Papers

Shared Services with Nottingham City Council – Cabinet, 7 September 2010
<http://politics.leics.gov.uk/documents/s47156/E%20-%20Shared%20Services.pdf>

East Midlands Shared Services: Procurement of Managed Hosting Service – Cabinet, 26 July 2011
<http://politics.leics.gov.uk/documents/s55039/N%20east%20midlands%20shared%20services%20procurement.pdf>

East Midlands Shared Services: Consultancy Report – Cabinet, 13 September 2011
<http://politics.leics.gov.uk/documents/s56198/M%20%20East%20Mids%20Shared%20Servs%20consultancy%20support.pdf>

Circulation under the Local Issues Alert Procedure

None

Equality Implications

None

Human Rights Implications

None

Other Relevant Impact Assessments

None

Officers to Contact

Elaine Simpson, Head of East Midlands Shared Services

Tel: 011630 56506

Email: elaine.simpson@emss.org.uk



SCRUTINY COMMISSION – 4 SEPTEMBER 2024

ANNUAL REPORT ON THE TRADED SERVICES STRATEGY 2023/24

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of the report

1. The purpose of this report is to update the Scrutiny Commission on the performance of Leicestershire Traded Services (LTS) during 2023/24.
2. LTS comprises catering services, property services, and professional and business services. Its customer base is predominantly Schools and Academies.

Policy Framework and Previous Decisions

3. In November 2013, the Scrutiny Commission considered progress being made in developing the Council's traded services. It agreed that it was important for the Council to continue trading and to retain and build upon existing business, particularly in relation to schools.
4. A Scrutiny Review Panel commenced a Review of Traded Services in June 2014. The Cabinet accepted its recommendations and asked the Chief Executive to ensure these were acted upon. The Commission received an update on progress being made in delivering these recommendations in June 2016.
5. One of the Panel's recommendations was that a stand-alone trading unit should be created as part of the County Council with its own brand and identity, to enable it to have a clear position in the marketplace and link to the Council's corporate branding, building on its reputation for high quality, value for money services.
6. With the continued financial pressure on the County Council the requirement to raise additional revenue has become a key element of the Council's Transformation Programme and has been specifically included in the County Council's Medium Term Financial Strategy (MTFS) since 17 February 2016.
7. On 6 June 2018, the Commission considered the Commercial Strategy and Workplan 2018-2022. It strongly supported the Strategy, recognising that traded services provided an income which protected frontline services. It hoped that the Council would continue to identify new commercial opportunities.

8. On 6 July 2018 the Commercial Strategy was approved by the Cabinet which further resolved that an Annual Report on performance against the Commercial Strategy should be submitted to the Cabinet and the Scrutiny Commission each June.
9. The most recent Annual Report was received by the Scrutiny Commission and Cabinet in June 2023 where the performance of the service in the context of a difficult inflationary period was noted. A draft Traded Services Strategy, to replace the Commercial Strategy, was presented to the Commission for comment and was later adopted by Cabinet in June 2023.
10. An interim report on the performance of Traded Services was received by the Scrutiny Commission in January 2024. This provided an overview of the themes explored in the Leicestershire Traded Services (LTS) Scrutiny Commission workshop held in October 2023 and an interim update on the performance of Services during 2023/24.

2023/24 Activity and Performance

11. The performance for the previous financial year was a mixed picture for traded services. In some areas, particularly cafés, Century Theatre, property services, people services and health and safety, contribution targets were delivered and sometimes overachieved. In areas most exposed to inflation, there remain significant variances to the MTFS. The local government pay award added nearly 10% to costs and significant increases in energy costs continued, further eroding margins.
12. Staffing remains challenging across much of the service, with the national picture of a difficulty recruiting to hospitality roles being replicated in Leicestershire. Whilst the picture has eased significantly from 2022/23, high levels of staff sickness in the winter months continued.
13. This combination of rising costs and reduced income has led to significant reductions in margin and contribution in many areas of LTS and significant losses in some areas.
14. Retendering of services by Multi Academy Trusts (MATs) is becoming an increasing risk, with aggressive pricing by competitors and some insourcing leading to several contracts being lost.
15. The overall financial results for LTS in 2023/24, are shown in the table below. All relevant costs have been included including property costs for Beaumanor Hall. Additional corporate overheads are not relevant for performance reporting, as the services take the standard corporate offer. The margin that services target includes covering a notional overhead allocation.
16. As in previous years, there was no capital expenditure incurred in any of these areas.

Service	Budget Target	Outturn	Over/ (Under) Spend
	£000	£000	£000
School Food	1,798	1,903	105
LTS Beaumanor	135	455	320
Cafés	(40)	(41)	(1)
LTS Professional Services (LEAMIS, HR, H&S)	(496)	(297)	199
Soft FM	(577)	(424)	153
Hard FM	(250)	(519)	(269)
Century Theatre	78	75	(3)
Print	10	(75)	(85)

School Food performance to date and MTFS position 2024/25

17. The School Food Service transformation programme outlined in previous reports has seen the service improve by £0.8m on 2022/23 performance, to a loss of £1.9m. This was slightly worse than the budgeted year end position of £1.8m.
18. This improved position was achieved mainly through new financial agreements with all customers to deliver the required margin. This meant that although the number of overall customers decreased, income into the service remained static.
19. As part of the contract work that has been undergone LTS has clear sight of all associated costs with each site and this position enables both LTS and their customers to understand all costs, and ensure the service is both sustainable and viable
20. Significant challenges continued with staff cost inflation of 9% driven by national living wage rises and food inflation peaking at 19.2% in March 2023.
21. The January report outlined the measures to improve performance for the current financial year. To manage increased staff costs, one of the largest restructures in the council was successfully completed. This reconfigured the hours of all frontline staff, to reflect actual hours worked better, reduce wage costs and remove the need for overtime.
22. Staffing levels were also restructured and reduced in the administrative and management functions by reconfiguring workloads, making better use of technology, and due to lower customer numbers.
23. The management restructure has meant that LTS now has a dedicated team to manage their contracts which has improved direct communication with customers at client level. Regular contract meetings have been organised with all customers.

24. There is now a clear Operations team who manage the day to day running of the service, each site has been internally audited to ensure standards across the service are being met. Regular audits are undertaken by the external Environmental Health Team and LTS regularly achieve 5 stars.
25. LTS continues to focus on improving the management information that allows the measuring of performance of individual contracts and continued refinement of agreements with customers.
26. A decision was also taken to proactively withdraw from contracts in Luton and Cambridgeshire to focus on delivering a better service to the core offer in Leicestershire.
27. The service continues to look for ways to improve the take-up of meals. A three-week rotation menu is now offered, with five daily options, as standard: one of the most flexible standard menus on offer in the UK. A small focus group of children and school cooks worked with the Development Chef to create the new menu. Food for Life Bronze standard food continues to be offered.
28. LTS has relaunched the marketing calendar to run alongside the new menu, this has been shared with customers with a special menu day each month, designed to both attract more customers monthly, and keep the profile of LTS high in customers minds.
29. A new LTS Website has been launched designed to attract new customers, and further raise LTS profile. This is combined with additional proactive sales work.
30. LTS ran a highly successful Junior Chef competition which saw children from 17 schools across Leicestershire competing to cook a main meal and a dessert for the judges. The finals were held at Loughborough College and were judged by local scientist Josh Smalley - finalist in last year's Great British Bake Off.
31. Food costs are more settled than previous and LTS is working closely with procurement to ensure the new food contract gives best value but also includes periods of fixed costs to enable LTS to control costs more effectively.
32. The success of the service will depend upon aligning the offer with the requirements of schools and academies. The past year has seen a number of MATs go out to tender, with greater emphasis on cost. Unfortunately, LTS has been unsuccessful in defending its contracts due to some highly aggressive pricing from competitors. Losing contracts at tender is always disappointing and remains one of the biggest risks to the service.
33. The combined impact of these changes has been to improve the budget position for the service in 2024/25 to a reduced loss of £485k. This is a financial improvement of over £2.2m in two years. The residual loss is due to the timing of rolling out new contracts due to the financial year of MATs starting in September. The service is expected to return to achieving contributions from 2025/26.

Beaumanor performance to date and MTFs position 2024/25

34. The Hall and Park made a loss of £455k overall including £245k above the line expenditure and £210k below the line expenditure, worse than the anticipated position.
35. To ensure best value for the Authority some costs, such as maintenance, are centralised across its corporate portfolio buildings and service. These below the line costs for Beaumanor relates to building maintenance, insurance, marketing, grounds maintenance etc. These costs form a key part of the monitoring and governance of the service.
36. Most of this worsened contribution was due to the inflationary cost pressure due to the 2023/24 pay offer as well as a further increase in electricity prices.
37. Overall, Beaumanor exceeded its income target, with the Hall operation bringing in £691k of income (£38k over target) and the Park operation narrowly missing its income target (£926k vs £944k). As reported to the committee in January, the business grew in the area of local large scale themed craft fairs, and winter fairs on site at Beaumanor Hall, as well as in private hire for parties, proms and wakes.
38. Whilst over 26,000 children attended Beaumanor in 2023/24, Park bookings remain slightly below pre-covid levels in terms of volume, suggesting some residual weakness remains in the market, as well as some opportunity for new customers. To manage this, the bookings team has been restructured to be more focussed on driving new and repeat business.
39. To improve the position in the current financial year managing costs remains a focus and LTS continue to work on improving the energy efficiency of the building. As LTS begins to feel the effects of lower energy prices later in the financial year, it will reduce some of the pressure on the budget. However, the pipeline of sales has not increased sufficiently to meet the plan previously presented to the Commission.
40. However, this will not improve performance sufficiently for the site to make a contribution. The MTFs position for Beaumanor is a loss of £228k in 2024/25, this includes the below the line costs of £210k.
41. Further improvements, that take time to become established, are required in growing the business. There is a focus on weddings and away days. These high margin events bring together both halves of Beaumanor and are proving popular with local businesses.
42. One of the most significant changes for Beaumanor Hall saw the Register Office move from Southfields in Loughborough to Beaumanor. This now means that all registrations of births and deaths take place on site, as well as a large number of weddings. The move took place in a short space of time with no noticeable impact on service to residents. As well as being a significantly more

attractive venue for weddings than Southfields, Beaumanor also allows further increases in income by selling optional 'add on' packages.

43. Whilst this partnership with Registrars improves the potential for high margin wedding income was noted in the report in January 2024 that there is a certain amount of uncertainty as to the value of the partnership. Most of the income comes from future upselling opportunities on civil ceremonies e.g. larger ceremony room, photography opportunity, drinks reception, light reception, dressing room and as this is a very new element of the business at Beaumanor, the income from it is currently untested. This does bring some risk to the financial forecast. As part of this LTS has invested in a business development resource to give more capacity for increased sales.
44. A review of the Wedding and Private hire use of has resulted in external providers now being able to cater events. This has opened up Beaumanor Hall to a different customer base, booking the site as dry hire, and resulting in a reduction in labour costs.
45. Social media platforms and the website have been refreshed towards the site's target markets.
46. Further risks to the forecast relate to the nature of the building. Whilst in good condition, considering its age, continued investment is required. The site was temporarily shut down due to the discovery of a potentially dangerous chimney by one of our contractors, whilst carrying out a routine piece of maintenance. This necessitated a rapid and significant mobilisation of staff and resource to make the building safe. A full remediation will take place later this year once relevant permissions have been granted by Charnwood Borough Council. A number of bookings were unavoidably lost during this closure period.
47. As was noted in January, the service also had to carry out extensive, unplanned works to the high ropes course to ensure it remained safe and usable. These works are now complete and the course is reopen.
48. LTS is taking a cross-service approach to the procurement of food and drink such that Beaumanor can benefit from the economies of scale afforded by the school food contracts whilst ensuring compliance against procurement regulations.
49. As the Commission noted in January, extensive, unplanned works had to be carried out on the high ropes course to ensure it remained safe and usable. These works are now complete and the course is reopen.

Cafés performance to date and MTF5 position 2024/25

50. The cafés made a contribution of £41k, significantly improved from a loss of £25k in 2022/23.

51. Income was at the highest ever level. Beacon Hill brought in over £350k and Tithe Barn, now operating 7 days a week, brought in £225k.
52. Both sites had remodelled menus to make them more tailored to their customer base. Improvements have also successfully been made to the cost of goods, lowered wastage and managed staffing costs astutely.
53. It should be noted that on both sites, the value of having catering facilities is greater than the catering financial return that they make. For example, since the café was constructed at Beacon Hill, the car park usage at Beacon Hill Country Park increased by over 40% in the months following, compared to the figures from the previous year. Likewise, the offer at Bosworth Battlefield Heritage Centre would not be complete without some form of catering.
54. Recruitment remains challenging, in line with the wider hospitality industry. Labour costs also increased markedly, due to the local government pay award, which added further pressure to the margin.
55. LTS is in the process of appointing a lettings agent to find long term tenants and operators for the cafés. Since the Beacon Hill café opened in Autumn 2019, it has delivered exceptionally high turnover figures. Tithe Barn at Bosworth Battlefield has also developed into a high turnover operation. Whilst both cafés are making a reasonable financial contribution to the County Council, officers consider that a rental return could be higher than the current contribution, subject to external agents' advice. At previous meetings, Scrutiny Commission members have expressed a keenness to explore private sector operation of these venues. The expectation is that a new provider could be in place in early 2025.

Professional Services – LEAMIS and School Financial Service

56. LEAMIS missed its contribution target by just under £200k. The School Financial Service delivered to budget.
57. As explained to the Commission in January, the main reasons for the variance in income were due to lower trading volumes in the LEAMIS function with MATs increasingly looking to deliver their Management Information Systems (MIS) function in-house, or moving to support directly from the supplier, who was offering attractive introductory discounts.
58. The School Financial Service also had a challenging year with changing expectations from schools around the level of support that they require. Whilst schools' budgets are increasingly strained, the need grows for enhanced support on budgeting and forecasting. Currently the service does not have the capacity to offer what schools require and the service will need to adapt rapidly. In this climate, that the service delivered a positive financial contribution is a notable achievement. Regardless of the service offer it is likely that a reduction in the level of business will continue as Finance is a function that academies usually prefer to operate in-house.

59. During 2024/25, the LEAMIS service will assist schools seeking to change MIS provider and continue to offer support to them. It will also fully support a new digital cloud service to enhance teaching and learning, parental engagement, reduce paper costs, reduce impact on the environment, meet the digital agenda and help improve outcomes for pupils in Leicestershire.
60. A full review of school financial services is being implemented. This will see a significantly altered service, designed in conjunction with schools, that better delivers their requirements for timely budgeting, forecasting and school business management. It may be that the service is no longer considered traded and becomes a form of shared service that will enable Leicestershire maintained schools to deliver their budget position.
61. In 2024/25, LEAMIS is forecasted to deliver a contribution of £91k and the School Financial Service is budgeted to deliver £43k. It should be noted that there is some risk in these figures as the services are transformed over the next 12 months.

Professional Services – People Services, Health and Safety

62. Health and Safety delivered to budget. People Services under performed budget by £17k.
63. Digital initiatives in the Learning and Development offering continue to pay off, with an expanded portfolio of training options which enabled People Services to continue to increase their income.
64. The key challenge for People Services and Health and Safety continues to be financial pressure and the stretched budgets of existing customers. LTS is unable to lower its prices further and is having to annually increase prices to take account of the national pay award. In 2024/25 LTS will continue to review its approach and overhaul the pricing models and service offer.
65. People Services and the Health, Safety and Wellbeing Service will deliver a combined contribution of £57k.

Soft Facilities Management performance to date and MTFS position 2024/25

66. The Contract Management offer had another very strong year, delivering a contribution of £337k. The Furniture/Logistics and Traded Premises Support teams achieved a £134k contribution, short of their combined targets of £242k. This was largely due to staff vacancies in furniture, logistics and premises officer teams, which hampered its capacity and trading activities.
67. Following a major transformational process bringing the two services together under a streamlined structure, the Print Services financial performance improved by £154k from the previous years' outturn and is forecasting to achieve a £50k contribution in 2024-25. Post services exhibited a similar improvement delivering an underspend against budget of £25k. Print and post

continue to modernise, ensuring that hybrid print-to-mail becomes the norm in their work.

68. In 2024/25 Soft Facilities Management will be focusing on re-procuring a number of significant contracts for the County Council and external sites.
69. The forecast contribution for the services for 2024/25 is £368k, although it is expected that there could be some improvement in these figures as the year progresses.

Hard Facilities Management performance to date and MTFS position 2024/25

70. The service delivered a significant improvement on its budgeted contribution of £250k with a contribution of £519k. This was largely due to increased income generation both from fees from the capital programme and from increased trading level in the Sites Development Service, as well as restructuring teams to create savings.
71. Within the Sites Development Team, the main challenges have been recruitment and retention to meet the demands of the service, there is a good sales pipeline and the number of external enquiries from schools is increasing.
72. In 2024/25, with a good pipeline of business coming through, the budgeted contribution for the combined services is £276k and there is, once again, a high likelihood of this figure being exceeded.

Century Theatre performance to date and MTFS position 2024/25

73. Regional theatre continues to be challenging for local authorities.
74. The outturn for Century Theatre was a loss of £75k, almost exactly on budget for the year. This was an improvement on the loss for 2022/23 of £101k.
75. The main difference was greatly increased levels of programming, leading to higher income levels. Staffing was also closely controlled throughout the year.
76. In 2024/25 an outturn of £78k loss is forecasted.

Recommendation

77. The Commission is asked to note the performance of LTS during 2023/24.

Background Papers

Scrutiny Commission - 15 June 2016 - Update on Leicestershire Traded Services
<http://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=4539&Ver=4>

Scrutiny Commission – 8 June 2022 – Annual Commercial Strategy Report
<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=6870&Ver=4>

Cabinet – 25 June 2022 – Annual Report of the Commercial Strategy
<https://politics.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=6775&Ver=4>

Scrutiny Commission – 12 June 2023 – Annual Commercial Strategy Report
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7101&Ver=4>

Cabinet – 23 June 2023 – Annual Report of the Commercial Strategy
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=135&MId=7077&Ver=4>

Scrutiny Commission – 29 January 2024 – Interim Report on the Traded Services Strategy
<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7441&Ver=4>

Circulation under the Local Issues Alert Procedure

None.

Equality Implications

There are no equality implications arising directly from this report. If services change in the future an Equality Impact Assessment will be undertaken as required.

Human Rights Implications

There are no human rights implications arising directly from this report.

Officer to Contact

Richard Hunt, Head of Catering, Hospitality and Country Parks
Corporate Resources Department
Tel: 0116 305 9293 Email: richard.hunt@leics.gov.uk

Jayne Glasgow, Assistant Director – IT, Communications and Digital, Commercial and Customer Services
Corporate Resources Department
Tel: 0116 305 4116 Email: jayne.glasgow@leics.gov.uk



SCRUTINY COMMISSION – 4TH SEPTEMBER 2024

CORPORATE ASSET MANAGEMENT PLAN 2022 - 26 **ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT** **2023– 2024**

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

Purpose of Report

1. The purpose of this report is to set out the performance achieved against the Council's Corporate Asset Management Plan during 2023-2024, outline changes in strategy and provide details of the work programmed for 2024 - 2025. The full Annual Performance and Strategy Update (the Annual Report) is appended to this report.

Policy Framework and Previous Decisions

2. The Council's Strategic Plan 2022 - 2026, approved by full Council on 18 May 2022, provides a strategic planning framework for the Council which will ensure that all service plans and strategies contribute to delivery of the Council's vision for Leicestershire. It sets out five strategic outcomes, namely Clean and Green, Improved Opportunities, Great Communities, Safe and Well and Strong Economy, Transport and Infrastructure.
3. The Medium Term Financial Strategy (MTFS) 2024 - 28 was approved by the County Council on 21 February 2024. This includes the allocation of resources to fund the Capital Programme up to 2027/28.
4. The Scrutiny Commission considered the Corporate Asset Management Plan (CAMP) 2022-26 in September 2022 prior to its approval by the Cabinet on 23 September 2022.
5. The CAMP is aligned with the Council's Strategic Plan and promotes the management of the Council's property assets in a way that contributes to the achievement of the five strategic outcomes and together with the MTFS supports the Council's corporate and service priorities. The CAMP includes the requirement that a performance and strategy update report be presented annually to the Scrutiny Commission.

Background

6. The CAMP outlines the framework for the future management of all the Council's property assets (including the Investing in Leicestershire Programme (IILP) direct property portfolio), for the period 2022 – 2026 driving the portfolio's future strategic direction whilst continuing to demonstrate best practice in its delivery, noting that the primary purpose of these properties is support the delivery of County Council services as efficiently and effectively as possible.
7. The CAMP aligns with the Strategic Plan which embodies and drives the Council's wider strategic objectives and provides the basis of all its activities, including the management of its property assets, necessary to deliver its vision for Leicestershire over the period to 2026.
8. The key ambitions of the CAMP for the period to 2026 are:-
 - To create a greener estate which is moving towards energy self-sufficiency;
 - To ensure the focus on delivering capital projects that make a positive difference is continued with projects being delivered on-time, within budget and procured in a way that achieves value for money;
 - To have well maintained, energy efficient buildings with 70% of repairs and maintenance being delivered through a planned programme; and,
 - To rationalise the portfolio through a proactively managed asset challenge process supported by governance that facilitates early decision making enabling potential benefits to be maximised.
9. Whilst the CAMP covers the four-year period to 2026, it is subject to ongoing review throughout that period to take account of any changes to the Council's strategic objectives and the availability of resources to support its delivery.
10. The full Annual Report which is appended to this report provides a comprehensive review of performance during the 2023-24 year, necessary to provide transparency and demonstrate that value for money is being achieved in the management of the Council's assets together with a review of strategy changes and an action plan, aligned with the MTFs, for the period to 2028.

The Portfolio

11. As of April 2024, the Council's portfolio comprised a total of 728 freehold and leasehold property assets with a combined value of £507 million. Such properties range from the County Hall campus, locality offices, schools, depots, libraries, farms, offices and industrial units together with land acquired to support the roadbuilding and schools' programmes.
12. The overall number of property assets reduced by 3 from 731 in 2023 as a result of the number of disposals exceeding that of additional purchases and the development of new assets.
13. The overall asset value of £507 million for 2024 represents an increase of £38 million compared to the previous year (£469m). Having fallen substantially in

2023, as a result of the revaluation of academy schools, the rise in the total value of the portfolio this year is almost entirely due to the revaluation of the IILP rural portfolio. The revised valuation, which is a provisional figure and subject to a further review by external auditors, has been prepared by external consultants in accordance with new valuation guidelines introduced in October last year. Accordingly, the value of direct property assets held by IILP rose to £206m further increasing its share of the Council's overall property portfolio to 41%.

14. There are currently 105 non-operational assets within the Council's property portfolio with a combined value of £21m, down from £29m in 2023 and a further reduction from £48m in 2022 reflecting the effect of completed sales, the ongoing delivery of infrastructure and re-valuation. The split by value of these properties is as follows:
 - Land in Advance (property acquired to support infrastructure projects and future service needs) - £4m
 - Managed Assets (assets managed corporately including those previously held by services which generate income) - £6m
 - Surplus Properties (properties surplus to the needs of services being considered for disposal- £1.m
 - Land held for Sale (properties within the disposal process) - £10m

15. The MTFs 2024 – 2028 has allocated £447m of funding to support the delivery of the capital programme over the 4-year period. Of this total, projects to the value of £273m (61%) have a property input. These include the delivery of the school place programme, the IILP investment programme and the planning and delivery of major infrastructure projects. In 2024 – 2025 the proportion of property related projects represents 82% of the overall programme with a value of £121m.

16. The estimated future liabilities in respect of essential maintenance, repair and improvements required to meet Health and Safety and regulatory compliance totals £53.2 million for the whole of the Council's property portfolio, an increase of £2.6m compared to 2022-2023, largely as a result of high inflation in the construction sector. £1.3m (2.4%) being in the most urgent priority 1 category which requires issues to be addressed within 12 months. The current year's Central Maintenance Fund allocation is £2.83m.

Performance in 2023 - 24

17. The Annual Report attached as an Appendix to this report sets out in detail the overall performance of the Council's property portfolio during the 2023/24 financial year against the CAMP 2022 – 2026.; the following paragraphs provide a brief overview.

18. The initial CAMP Action Plan was developed for the period 2022 – 2026 (included as an appendix to the CAMP) and updated and extended to include 2027 as part of the Annual Performance and Strategy Update Report 2022-23. The Action Plan is divided into three sections covering the property related input to the delivery of the MTFs capital programme, the reviews and strategy updates necessary to support service delivery and improvement, plus the ongoing annual property management programme.

Capital Programme Projects

19. The Action Plan 2023 -27 detailed 43 capital programme projects which have a property related input. 22 of these projects were either due for completion during 2023-2024 or had a phase of works due for completion in that year. Of the 22 projects identified, 17 (81%) were completed on schedule.
20. Of the ongoing projects due for completion in future years, 90% are currently on or ahead of schedule. The following were among the projects successfully completed in 2023-24:
- A new Primary School at Normandy Way, Hinckley
 - The planned extension of Rothley Primary School
 - The Bowman Academy, Shepshed
 - The further development of the SEND proposal for a new school at Farley Way, Quorn
 - Acquisition of 2 further Multi-functional Properties to support Children’s SCIP including the securing of match funding.
 - Delivery of a further phase of the Ways of Working Programme

Reviews and strategy updates

21. A programme of 23 property reviews and strategy updates, necessary to support service improvement were detailed in the Action Plan and due to be undertaken in 2023-2024. Of these 16 (70%) were completed on schedule with work on the remaining 7 ongoing and due for completion within a timescale that does not impact service outcomes. The completed reviews included:
- The review of Highways and Fleet Transport Depots portfolio
 - The review of the RHWS portfolio
 - The Renewable Energy Feasibility Study
 - The Corporate Buildings Decarbonisation Plan

Annual Property Management Programme

22. In respect of the Annual Property Management Programme comprising 9 equally important “business as usual” functions, the following programmes were developed at the start of the year.
- Future development sites programme
 - Asset and insurance valuations programme

- Central maintenance fund repair programme
- Condition and regulatory compliance surveys programme
- Ongoing management of all let property within the portfolio
- Freedom of information requests
- Management of traded services
- Disposals programme
- Maintenance programme and updating of the property asset management system

The first 8 programmes were completed satisfactorily within the year. However, the programmed maintenance and updating of the property information system is being re-evaluated as a result of ongoing work on the asset challenge and the revisions identified in 2022-23 in relation to processes and procedures.

Performance Indicators

23. The CAMP recognised that to deliver effective economically viable property solutions it is necessary to monitor delivery and measure its effectiveness. The CAMP put in place a set of realistic, but challenging, key performance indicators which, if achieved, would drive forward improvement year-on-year; the indicators falling within 3 main areas, namely:

- The CIPFA approved indicators in respect the condition, maintenance, sufficiency and environmental performance of the portfolio.
- Local performance indicators relating to matters specific to the County Council such as the level of capital receipts.
- The IILP performance indicators comparing the portfolios performance to market benchmarks.

24. Overall, 12 (50)% of the 24 performance indicators assessed were achieved in 2023 - 24, a further 2 (8%) were not achieved but showed an improvement in performance on the previous year with 10 (42%) failing to be achieved. The underperformance was due to the impact of inflation in the construction and energy markets running at a higher rate than the general economy. With the exception of one indicator, that was not assessed due to lack of a current benchmark, but current performance was noted.

Asset Challenge

25. One key local performance indicator was the target of completing the asset challenge in respect of a minimum of 2 local authority areas in the year. All the operational and non-operational properties within Charnwood Borough and North West Leicestershire District were reviewed in the year. The outcomes are detailed in Appendix A to the Annual Report attached.

Action Plan 2024 - 2028

26. The CAMP Action Plan is reviewed and refreshed annually. In response to changing economic conditions, available resources and demands on services the Action Plan 2024 – 2028 has been developed in collaboration with service departments; the Action Plan reflecting the work required to deliver the capital programme 2024/25 – 2027/28, the property reviews necessary to support future service improvement and the ongoing “business as usual” management of the portfolio. The full Action Plan is detailed in the Appendix attached; the following key outcomes being identified for 2024 – 2025:
- Deliver all Services’ Capital Programme projects on time and within budget.
 - Complete the Central Maintenance Fund Works programme.
 - Continue to deliver initiatives that support the Energy Strategy and Net Zero Carbon targets.
 - Meet the capital receipts target.
 - Maximise revenue income and potential cost savings.
 - Further develop the property asset management system (PAMS)
 - Work with partners and provide support in the delivery of the ongoing Ways of Working Programme across the authority.

Resource Implications

27. The County Council’s financial position has been challenging for a number of years due to over a decade of austerity combined with significant growth in spending pressures, particularly from social care and special education needs. This was exacerbated by the impact of the Covid-19 pandemic and significant increases in inflation, to levels not seen for many decades. The MTFS for 2024-28 is balanced in the first year (2024/25) after the use of £6m of earmarked reserves. There is then a gap of £33m in 2025/26 rising to £83m in 2027/28. Delivery of the MTFS requires savings of £164m to be made from 2024/25 to 2027/28, unless service demand reduces, or additional income is secured. The MTFS sets out in detail £81m of savings and proposed reviews that will identify further savings to reduce the £83m funding gap on the main revenue budget and the £111m estimated funding gap on schools High Needs funding in 2027/28.
28. The original MTFS 2024 - 2028 which incorporates the four year capital investment strategy totals £479m, including £32m of capital expenditure rephased from 2023/24. Around 60% of the overall capital programme requires property input.
29. The updated CAMP Action Plan, outlined in the Appendix highlights how the financial resources that have been allocated to the Council’s corporate property resources in the capital programme and MTFS programmes/budgets will be utilised. Delivery of individual projects detailed in the Action Plan included in the appendix attached will be considered against a clear business case methodology.

Equality Implications

30. There are no direct equality implications arising from this report. Any equality implications relating to individual projects and strategies detailed within the CAMP will be considered in detail as part of their individual governance process

Human Rights Implications

31. There are no human rights implications arising from this report.

Environmental Implications

32. The CAMP 2022 – 2026 seeks to maximise the potential of the Council’s assets to contribute to the delivery of the environmental improvements, including the achievement of Net Zero 2030, contained within the Strategic Plan’s Clean and Green Strategic Outcome.

Background papers

County Council – 18th May 2022 – Strategic Plan (2022 – 2026)

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=6482&Ver=4>

County Council – 21st February 2024 – Medium Term Financial Strategy 2024/25 – 2027/28

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=134&MId=7305&Ver=4>

Scrutiny Commission – 6th September 2023 – CAMP 2022 – 26 Annual Performance and Strategy Update Report 2022 – 2023

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=137&MId=7102&Ver=4>

Circulation under the Local Issues Alert Procedure

None.

Officers to Contact

Declan Keegan,

Director of Corporate Resources

Tel: 0116 305 7668 Email: declan.keegan@leics.gov.uk

Steve Cooper,

Interim Head of Strategic Property Services,

Corporate Resources Department,

Tel:0116 3050909 Email: Steve.Cooper@leics.gov.uk

Appendix

Corporate Asset Management Plan Annual Performance and Strategy update report 2023 - 2024

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Corporate Asset Management Plan 2022 – 2026

ANNUAL PERFORMANCE AND STRATEGY UPDATE REPORT

2023 - 2024



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1 INTRODUCTION

Leicestershire has a reputation of being one of the best performing authorities in the country, providing quality services to the public. Key to this success is a high performing, fit-for-purpose, property portfolio capable of supporting services now and in the future.

The Corporate Asset Management Plan 2022 – 2026 (CAMP) sets out how, through both the maintenance and improvement of the building stock and the delivery of a range of new programmes and projects, the Council will meet the growing resource demands and future challenges. It is closely aligned with the Council’s Strategic Plan 2022 – 2026m, supporting the delivery of the five strategic outcomes.

As important as having the right policies and strategies in place to deliver effective economically viable property solutions that meet those wider strategic objectives, is the need to monitor that delivery and measure its effectiveness. Accordingly, the CAMP put in place a set of realistic, but challenging, key performance indicators which, if achieved, will drive forward improvement year-on-year.

This, Annual Performance and Strategy Update Report details the performance and achievements for 2023 -2024, identifying areas of improvement and providing the necessary background information to support future strategic reviews. In addition, it provides an overview of the portfolio and the future changes in its development, following the adoption of the Medium Term Financial Strategy 2024 -2028 and in particular the revised Capital Programme.



2 CORE DATA

Aligned to the Council's Balance Sheet, which is published as part of the Annual Statement of Accounts, this section of the report provides data on the number, type and value of the Council's property assets as of March 2024. It also sets out information on the Council's capital investment programme from 2024-2028, with particular reference to property related projects and programmes and the current maintenance programme across the portfolio.

2.1 The Portfolio

In April 2024, the Council's Land and Buildings portfolio comprised a total of 728 freehold and leasehold property assets with a combined value of £507 million. As summarised in the following Table.

Corporate Asset Management Plan 2022 - 2026				
Schedule of Assets				
Asset Category	Number of Freehold and Leasehold Assets Held	Asset Value £m	Asset % (by number)	Asset % (by value)
Primary School	223	£100	31	20
Secondary School	49	£0	7	0
Special School	14	£30	2	6
C&FS/Other	43	£7	6	2
A & C	25	£23	3	5
Offices (Including County Hall)	16	£49	2	10
Libraries Museums/Records	50	£22	7	4
Investing in Leicestershire Programme	152	£206	21	41
Depot	8	£6	1	1
Waste HWRS	14	£22	2	4
Park and Ride	1	£3	0	1
Travellers Sites	2	£2	0	0
Country Parks and Community Assets	25	£14	3	3
Outdoor Residential Centre (Beaumanor)	1	£32	0	0
Managed Assets and land in Advance	78	£10	11	2
Surplus Property & Assets Held for Sale	27	£11	4	2
Total	728	£507	100	100

The overall asset value of £507 million for 2024 represents an increase of £38 million compared to the previous year (£469m). The increase is due to the value of the IILP Direct Property Portfolio increasing from £158m in 2022-23 to £206m in 2023-24, following the revaluation of the rural estate being undertaken on the basis of updated CIPFA guidance (subject to further review by the Council's external auditors). As the largest sector by value, the IILP direct property portfolio, represents 41% of the total asset value.

The other major change is the continued reduction in value of education assets, as additional schools move to academy status.

The number of operational assets decreased overall, following a small number of disposals and 2 purchases for the Children's Social Care Investment Programme (SCIP).

The proportion of assets held for each service has remained consistent with previous years, with schools contributing 40% of the overall asset number, albeit that the number of non-operational assets has reduced.

2.2 Capital Programme

The MTFS funded capital programme totals £447m over the four years to 2027 - 2028. A reduction of £62m from £509m of funding allocated in the MTFS 2023 – 2027 and £515m in the 2022 – 26 MTFS.

The programme is funded by a combination of Government grants, capital receipts, external contributions, revenue balances and earmarked reserves. The estimated £216m of external funding at its disposal enables the Council to fund any major schemes in the programme.

The overall approach to developing the capital programme forms part of the capital strategy and has been based on the following key principles:

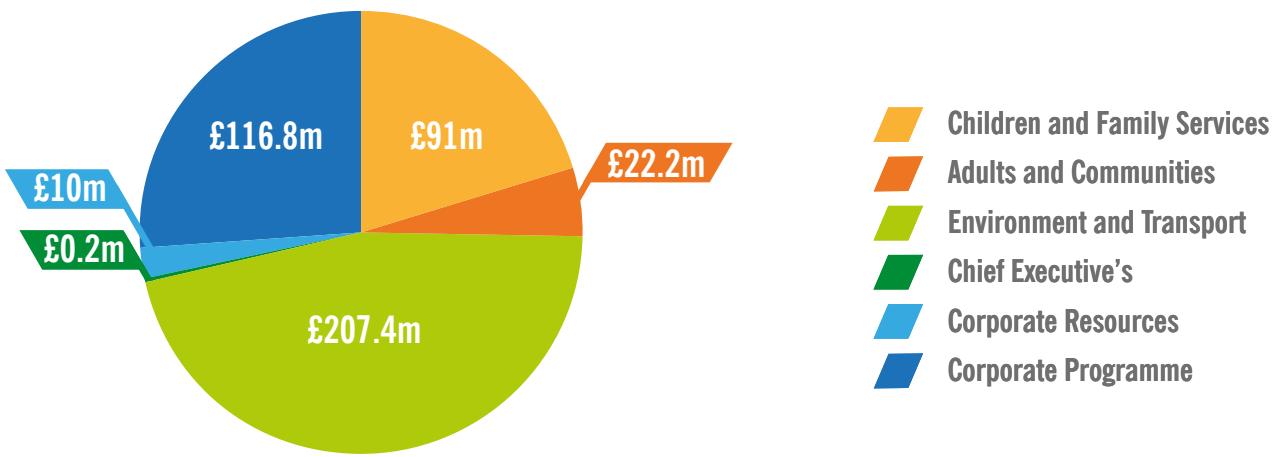
- To invest in priority areas of growth, including roads, infrastructure, economic growth.
- To invest in projects that generate a positive revenue return (spend to save).
- To invest in ways which support the delivery of essential services.
- Passport Government capital grants received for key priorities for highways and education.
- Maximise the achievement of capital receipts.
- Maximise other sources of income including Section 106 housing developer contributions and bids to external funding agencies.
- No investment in capital schemes primarily for financial return, where borrowing is required anywhere within the capital programme (in line with the Prudential Code).
- In exceptional circumstances limited prudential borrowing will be considered where needed to fund essential investment in service delivery.

Over the four year period to 2028, the proposed spend on capital projects with a property input is £273 million which represents 61% of the overall capital programme of which projects to the value of £170 million will be delivered directly through Property Services. The projects range from the planning and construction of new schools, to providing property advice in respect of future infrastructure projects.

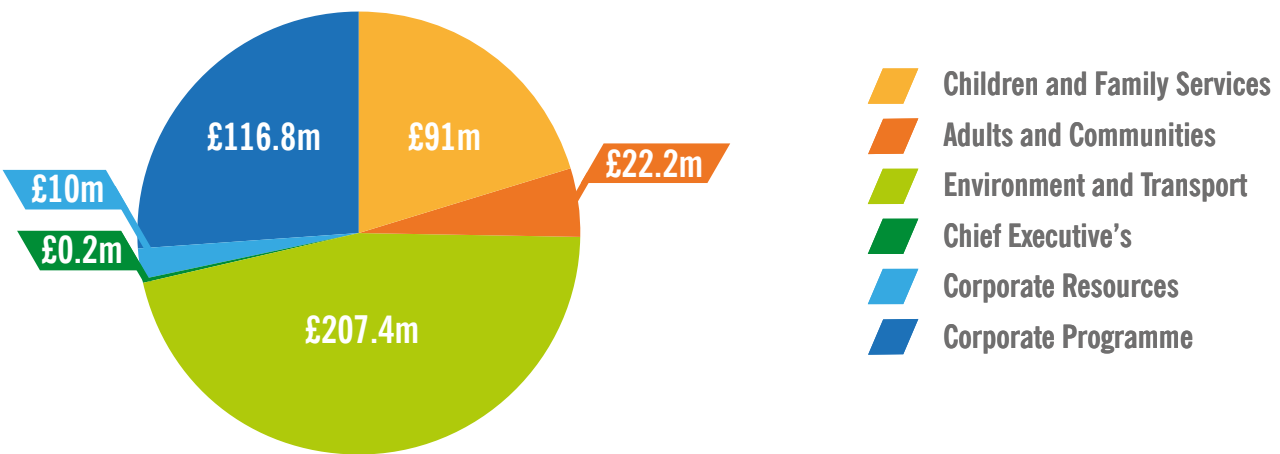
The figures below show illustrate the overall programme to 2028 and the proportion of projects supported by Property Services.

Overall Programme

Total 2024 - 2028 £447.5m



Total 2024 - 2028 £447.5m



2.3 Maintenance

The Central Maintenance Fund, which supports the routine maintenance of the operational portfolio, stands at £2.83m for 2024-2025 (supplemented by capital funding of £295,000 for major refurbishment schemes) a 9% increase on 2023 -2024.

This is set against estimated future liabilities in respect of essential maintenance, repairs and improvements required to meet health and safety and regulatory compliance totalling £53.2 million. Split over three categories of priority, for those properties within the portfolio where the County Council has a maintenance liability (excluding academies who are responsible for repairs and maintenance under the terms of the 125-year lease).

Approximately, 2.4% of the total (£1.3m) is in the most urgent category (priority 1) which requires issues to be addressed within 12 months otherwise there may be an impact on service delivery, or a building may close for a period of time.

The majority of the remaining repairs are attributable to those ongoing repairs and maintenance issues that need to be programmed and undertaken in forthcoming years. The central maintenance funding being targeted through the planned maintenance programme to prioritise the most urgent repairs and those preventative repairs that deliver the greatest long term value thereby ensuring that all operational properties continue to support service delivery.

The budget of £2.83m will meet the cost of urgent repairs, but proactive investment is required to maximise the value of the expenditure alongside bids for capital expenditure, for significant end of life replacement costs that are not covered by the maintenance fund.

Note: The maintenance and repair of the IILP portfolio is not included in above as it is paid for out of the fund's revenue budget, notwithstanding that the majority of IILP properties are let on full repairing terms or the equivalent thereof.



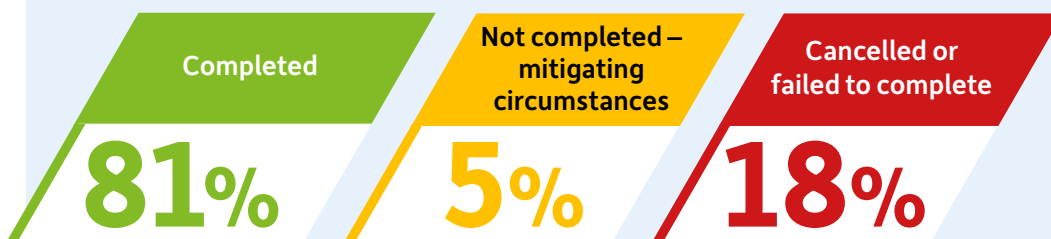
3 PROJECT DELIVERY

3.1 Overview

3.1.1 Capital Programme Delivery

The MTFS 2023 – 2027 approved by the Council in February 2023 allocated funding of £509m to support the Capital Programme for the 4 years to 2027 of which £127 million related to expenditure to be made in 2023 – 2024 with £88million (69%) having a property related input. The revised Action Plan detailed within the CAMP Annual Performance and Strategy Update Report 2022-23 identified 43 Capital Programme projects with property related input that was required to support them over the MTFS period. Of the projects detailed, 22 were either due to be completed during the 2023-2024, had a phase of works due for completion in 2023 -2024 or were being actively developed to facilitate delivery in future years with the balance scheduled for further development or completion in future years.

Projects due for completion in 2023 -2024



In summary, a total of 17 projects (81%) were successfully completed in the year including;

- A new Primary School at Normandy Way, Hinckley
- The planned extension of Rothley Primary School
- The Bowman Academy, Shepshed
- The further development of the SEND proposal for a new school at Farley Way, Quorn
- Acquisition of 2 further Multi-functional Properties to support Children's SCIP including the securing of match funding.
- Delivery of a further phase of the Ways of Working Programme

The Drive Through Restaurants at Leaders Farm, Lutterworth fell behind schedule due to lengthy planning delays and technical and procurement issues. These issues have now been resolved and the project has been reprogrammed with construction due to start on site before the end of the year.

The Quorn Solar Farm project was reviewed during the year and due to the increased risk involved in direct delivery, arising from rising costs, the constrained timetable for delivery necessary to meet planning conditions, and the term of the grid connections, it was considered appropriate to offer the site to the market on the basis of a freehold sale or lease with the disposal currently being progressed.

Given changing economic circumstances and service needs, the remaining 2 projects, namely, the Adult SCIP Programme and the provision of EV charging points were reviewed in advance of any expenditure being committed with the result, that the delivery strategy and programming of the schemes have been revised with a view to implementation in 2024-25 and later years. In addition, no further direct property assets were acquired or developed by the Investing in Leicestershire Programme.

Projects due for completion in future years



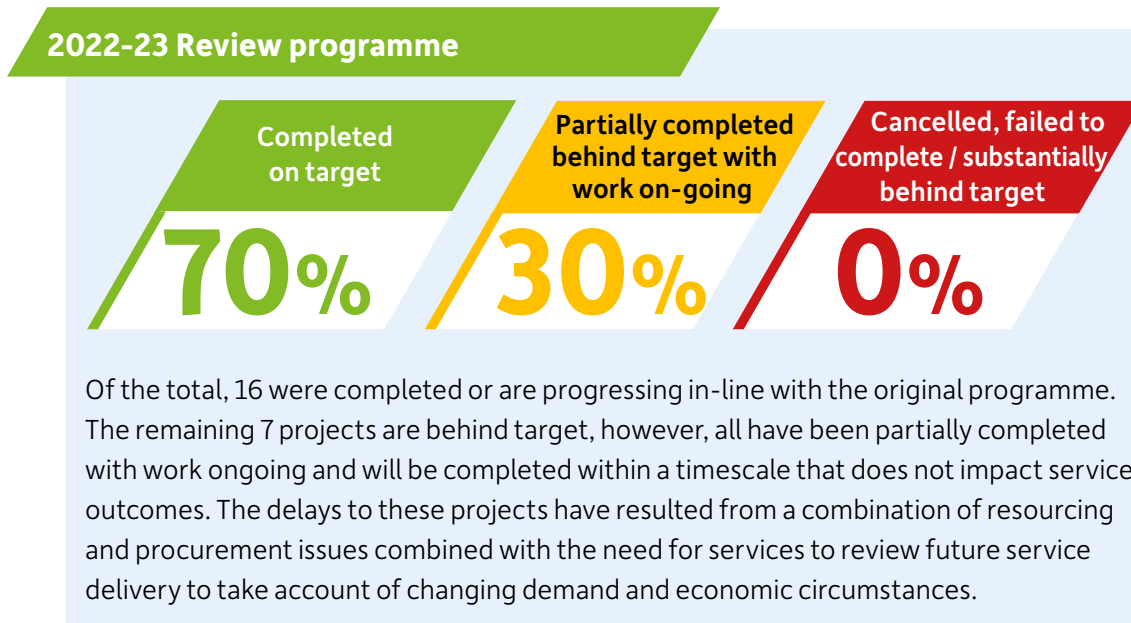
The delivery of projects in future years is on track, with the exception of schemes that have been reviewed or delayed by a subsequent strategy review undertaken by the service in response to changing needs or market demands, for example the adult SCIP projects.

A small number, particularly those within the ILLP portfolio, that were identified as running behind programme in 2022-23, namely, Lutterworth East, the M69 J2/Stoney Stanton strategic development site and Airfield Farm, Market Harborough are now on target to meet their revised timetables. The only schemes to fall behind target are the routine improvements to the Industrial and Farms portfolios, but this was expected and due to an overall review of the strategic approach and management of those assets.



3.1.2 Reviews

The Action Plan for 2023-24 detailed a programme of 23 property reviews and strategy updates that were due to undertaken during the year either as a one-off review or on an annual rolling basis.



3.1.3 Property Management

In addition, Strategic and Operational Property Services are responsible for undertaking the ongoing equally vital “business as usual” functions included in the Annual Property Management Programme. The programme comprises the following 9 elements:

- Capital acquisitions and disposals programme
- Future development sites programme
- Asset and insurance valuations programme
- Central maintenance fund repair programme
- Condition and regulatory compliance surveys programme
- Ongoing management of property portfolio including IILP direct property assets
- Freedom of information requests
- Management of traded services
- Maintenance of property information and financial property management and reporting systems

Ongoing Annual Management Programme

Completed

89%

2022-23 workstream ongoing

11%

Programmes were developed for all 9 workstreams at the start of the year and implemented on an ongoing basis. Eight of the 9 programmes were completed satisfactorily within the year. However, the programmed maintenance and update of the property information system has been re-evaluated as a result of ongoing work on the asset challenge and the revisions to processes and procedures agreed in 2023, with the required modifications being carried forward into this year's programme.

3.2 Key Actions 2023 – 2024

The Action Plan outlined the property related services to be delivered by Strategic and Operational Property Services in 2023-2024 and future years. From the overall programme the CAMP identified ten key actions. Listed below is a summary of the outcomes delivered or the current status of the project achieved in collaboration with colleagues across the council.

- **Meet the capital receipts target.**

The achievement of capital receipts to support the capital programme and wider service provision remains a key priority. A disposals programme for the period to 2027 was developed at the start of the year and agreed with Corporate Property Steering Group. Those properties that were available to be marketed in 2023-24 had a target disposal value of £5.5m of which £150k was earmarked. All the programmed sales were progressed and completed within the year with the exception of the development site at Sysonby Farm, Melton Mowbray where contracts were exchanged, as anticipated, with completion dependent on Roundabout 1 of the Melton Mowbray Distributor Road being constructed to enable unrestricted access to the site. Capital receipts of £6.025m (£175k earmarked) were achieved during the year with a further £8.6m carried forward to future years.

- **Maximise revenue income and potential cost savings.**

The Council's managed property portfolio including the direct property portfolio held by the ILLP, delivered a rental income of £8.2m in the 2023-24 year. Further, to ensure that an increased income stream accrues in future years 13 rent reviews, 16 lease renewals and 13 new lettings were completed ensuring that potential income is maximised.

65 statutory notices were served in respect of reviews and lease renewals, with further notices due within the 2024-25 year.

The drive towards maximising income is further supported by the portfolios low rate of voids, currently 6.4%, based on rental value, which is substantially below the national benchmark of 10.4%. In addition, the ongoing implementation of the Ways of Working Programme continues to identify further under-utilised premises and office space which, by rationalising the portfolio, continues to generate significant savings and additional rental income.

- **Deliver the schools capital programme.**

The school's capital programme for 2023 – 24 as detailed in the Action Plan was delivered in full, with the primary school at Normandy Way, Hinckley, the Bowman Academy and the extension to Rothley Primary School all completed on schedule. The ongoing ongoing projects in the school places delivery programme remain on target to meet planned school opening dates in 2024-25 and 2025-26.

- **Progress the ACL project.**

A full options appraisal and business case has been developed and considered by both the Scrutiny Commission and Cabinet both of whom fully supported the proposals. Work is now ongoing to secure the agreement of Leicester City and Rutland, the Council's partner organisations in the delivery of the service to the proposals and accompanying funding package necessary to deliver the project. Subject to agreement on the level of contribution to be made by the authorities, the project would be brought forward as part of the Capital Programme 2025-29.

- **Support the review and ongoing delivery of the SCIP programme.**

The approach to the adult SCIP programme has been reviewed, with the conclusion being that the focus should be on enabling and influencing external development.

The investment in the capital programme relates to the provision of extra care places being secured through acquisition of nomination rights from private sector operators who acquire and develop. Two sites in the Council's ownership will be marketed this year with a view to development commencing in 2025.

Match funding continues to be available to assist the delivery of the Children's SCIP programme and two additional properties were acquired during the year in accordance with the capital programme.

- **Continue to deliver initiatives that support the Energy Strategy and Net Zero Carbon targets.**

Work to reduce energy consumption and reduce carbon emissions has continued. Through stricter monitoring of control settings and site energy reviews further positive contributions towards the achievement of net zero have been delivered; with the focus being on those buildings with the highest historic levels of energy consumption. In addition, upgrades to the solar PV arrays at County Hall were completed resulting in increased renewable electricity generation contributing towards the future attainment of the Council's renewable energy target.

- **Complete the development of the Heat Decarbonisation Plan and programme its implementation.**

Utilising external funding the programme of surveys which include all County Council corporately occupied buildings heated by gas was completed in early 2024. Fully funded by the Low Carbon Skills Fund the 2023-24 programme was completed on time and on budget. Based on the survey evidence a pipeline of projects has been developed and programmed in a manner that prioritises the maximisation of carbon reduction across the portfolio. Work continues to maximise the leveraging in of external funding from sources including the Low Carbon Skills Fund and the Public Sector Decarbonisation Scheme to facilitate full delivery of the programme.

- **Review the management and letting processes and procedures of the IILP rural portfolio.**

A full review was completed of all management and letting processes and procedures over the first half of the year. Following the review, an Action Plan has been put in place to implement the necessary improvements in the management of the portfolio.

In order to provide additional capacity and share best practice, rural land agents were engaged to assist the in-house team in addressing and resolving the most pressing management issues. In delivering the Action Plan farms are now inspected annually, measures put in place for the management of debt and all rent reviews and lease renewals actioned. Further, the implementation of the Action Plan will, over time, reduce risk to the Council, particularly in respect of debt, and support the delivery of enhanced financial and wider benefits.

- **Complete the Central Maintenance Fund Works programme.**

A full programme of planned and reactive maintenance was completed at a cost of £2.90m. Whilst this represents a 12% overspend it is set against the background of an ever-increasing demand, a growing maintenance backlog and construction costs rising at above the rate of inflation for much of the year.

- **Further develop the property asset management system (PAMS) to support asset challenge.**

A review of the current system was undertaken in 2023-24 and identified the main areas of improvement required to fully support asset challenge incorporating the changes adopted as part of the review of Processes and Procedures in 2022-23. The review recognised that key to the overall delivery of accurate property records and reports necessary to conduct asset challenge is the timely inputting of accurate data. Accordingly, work will be progressed in 2024-25 to upgrade the systems. At the same time improving in the management of data will be targeted as a priority to achieve maximum benefit.



4 PERFORMANCE MEASURED AGAINST KEY INDICATORS

The CAMP recognised that equally as important as having the right policies and strategies in place to deliver effective economically viable property solutions, is the need to monitor that delivery and measure its effectiveness.

The CAMP includes a set of realistic, but challenging, key performance indicators which, if achieved, will drive forward improvement year-on-year. These KPIs fall into three main categories:-

- Those recognised by CIPFA which look beyond the County Council's internally set targets and, instead, are capable of monitoring performance against suitable comparators.
- Internal KPIs with a particular focus on the needs of the County Council
- Those applicable to the IILP portfolio and provide a direct comparison with the wider investment market.

Overall, 50% of all performance indicators were achieved in 2023 – 24. 8% were not achieved but either showed an improvement on the previous year or failed as a result of mitigating circumstances, with the balance of 42% failing to be achieved.

The performance is being used to identify areas of improvement and provide the necessary background information to support future reviews of strategy.

In respect of the three separate categories of KPI the individual outcomes were as follows:

4.1 CIPFA Performance Indicators

4.1.1 Condition and Required Maintenance

Following the significant falls in the levels of the maintenance backlog and expenditure in the previous year, in 2023-2024, the effects of inflation in the construction industry running at a higher rate (5.7% for repairs and maintenance) than the general economy (3.2%) meant that none of the 6 performance targets below were achieved. The achievement of these indicators will remain challenging in future years as CPI falls back towards the target 2% compared to industry forecasts of 5.3% for 2024 and 3.7% for 2025.

The proportion of properties in good or satisfactory condition remained at 52%. Overall, the condition of the portfolio should show further improvement in future years. The proportion of poor and badly performing properties will continue to fall; and the ongoing asset challenge process identifies those that are capable of improvement to better meet service needs and those that should be declared surplus and sold with the targeted planned maintenance programme addressing any repair issues.

Property Performance Indicator and Description	Performance		Target
	2022-23	2023-24	
1 A The % of gross internal floor area (GIA) in condition categories A to D A: Good – Performing as intended and operating efficiently B: Satisfactory – Performing as intended but showing minor deterioration C: Poor – Showing major defects and/or not operating as intended D: Bad – Life expired and/or serious risk of imminent failure	4%	5%	Seek to increase the proportion of properties in categories A or B (Good or Satisfactory) year on year. Neutral: The proportion of properties with categories A & B remained constant at 52% however the proportion of Category A properties increased to 5%
1 B Required maintenance expressed as a % in priority levels 1 to 3 and as a cost per sqm (£m2 GIA) P1 – 0-1yr - Urgent work required to prevent the immediate closure of premises and/or address H&S or regulatory issues P2 – 1-2yrs - Essential work to prevent serious deterioration of the fabric or services and/or address a medium risk to H&S or breach or legislation P3 – 3-5yrs - Desirable work to prevent deterioration of fabric or services and or address low risk H&S or regulatory issues	£2.04 (£2.11)	£2.16	The level of priority 1 urgent repairs should fall in real terms year on year to ensure that services are maintained Failed: In real terms the level of Category 1 repairs per sqm GIA rose by 2.4%
1C Total cost of required maintenance	£50.6m (£52.2m)	£53.2m	The level of required maintenance should fall in real terms year on year Failed: The total cost of required maintenance rose by 1.9% but remained below the 2021/22 level
1 D i Total annual maintenance spend (including expenditure incurred in respect of operational properties with the ILLP portfolio)	£3.12m (£3.22m)	£3.38m	The total annual maintenance expenditure for operational property should not exceed 2022/23 levels in real terms Neutral: In real terms the total expenditure rose by 6.5% but necessary to respond to actual increase in requirement
1 D ii Total annual maintenance spend per m2	£5.00 (£5.16)	£5.42	Annual maintenance expenditure per m2 should fall in real terms year on year Neutral: In real terms expenditure per sqm rose by 6.6% but this was necessary to respond to actual increase in requirement
1 D iii Ratio of spend on planned and responsive maintenance	58%	47%	Planned maintenance should be a minimum of 70% of the annual spend Failed

Note: All real terms calculations based on March 2024 CPI inflation figure of 3.2% Figures shown in brackets are cost plus inflation

4.1.2 Environmental

Wholesale energy costs continued to spiral upwards for much of 2023-24, with the cost of gas and electricity increasing by 318% and 12% respectively. Accordingly, the increase in the Council's total expenditure on energy of 41% in real terms is in line with the overall market. With wholesale prices stabilising and then starting to fall towards the end of the year it is anticipated that market prices will fall between 20% and 30% over the current year.

Based on the provisional figures available, total energy consumption rose marginally by 1.5% with the level of on-site renewable energy generation making an increased contribution following upgrades to the solar arrays at County Hall. Similarly, based on provisional figures CO2 emissions rose by 3% reflecting the increased energy usage over the year despite the ongoing transition away from gas.

However, the levels of both energy consumption and carbon emissions remain substantially below pre-COVID levels. Whilst in the medium term the trend shows improved performance, variations in both prevailing weather patterns and increased occupation levels in line with the Council's hybrid working policy have impacted performance in 2023-24. The data currently available does not enable accurate comparisons to be drawn on a m2 of GIA basis (the preferred CIPFA measure of performance), however, a new data set is currently being developed to facilitate reporting at this level in future years.

Water usage based on billing details was also 4% higher than in 2022-23. Active monitoring of the water use at County Hall has helped to identify leaks and ensure all issues are dealt with swiftly. The usage is also higher due to increased occupation levels.

A more detailed analysis of the Council's overall environmental performance is available at www.leicestershire.gov.uk/environment-and-planning/environmental-policies-and-reports

Property Performance Indicator and Description	Performance		Target
	2022-2023	2023-2024	
Total Annual energy spend (gas electricity oil etc) £ net of income generated from selling energy to the grid	£2.20m (£2.27m)	£3.20m	Reduce net annual expenditure on energy in real terms year on year Failed: Expenditure rose 41% in real terms
2A Annual energy costs and consumption	18.9m Kwh	19.1m Kwh	Energy used (Kwh) should reduce year on year to achieve a minimum 30% reduction in annual energy consumption from Council buildings by 2030. Failed; Consumption rose by 1%
2B Water costs and consumption	39,111m3	40,779m3	Water used should reduce year on year Failed
2 C Annual CO2 emissions	3,120 tonnes	3,220 tonnes	Reduce corporate property CO2 emissions year on year to contribute to the achievement of zero carbon emissions from Council operations by 2030. Failed

Note: All real terms calculations based on March 2023 CPI inflation figure of 10.1%

4.1.3 Sufficiency, Capacity and Utilisation

The way in which office space is being utilised is changing and the working week profile is now considerably different to when the last government data was published. The government benchmark was 8.9sqm per FTE based on its portfolio compared to 8.8per sqm being achieved and 7.2 per sqm per workstation where our Ways of Working approach has been completed. With office space being re-designed to incorporate collaborative, project and other dedicated space types coupled with the continued increase in home working for at least part of the week the emphasis has moved from fixed workstations to cost. Accordingly, this year Indicator 3A has been assessed against the last published data available and is reported below. No reliable data is currently available in respect of Indicator 3B. CIPFA are currently considering appropriate alternatives but until such time as that data becomes available it is proposed to measure performance in future years against progress in attaining the Ways of Working target model.

Property Performance Indicator and Description Targets	Performance 2023 - 2024	Target
3A Average office floor space (sqm) per FTE staff member	8.8	Maintain at a level below central government benchmark of 8.9msq/per FTE
3B Average office floor space per workstation	7.2	Maintain at a level below central government benchmark No available benchmark data

4.1.4 Project Time and Cost Predictability

All the schemes necessary to support service needs that were programmed for completion in 2023-24 were completed on time. However, the delayed delivery of two IILP schemes, detailed earlier in the report, meant that overall 90 % of schemes were delivered within the origin project programme period, in line with the target.

Of the schemes actually completed within the 2023-24 year, including those where the project programme overran from earlier years, 90.9% were completed within the original contract budget

Property Performance Indicator and Description	Performance 2022-23	Target
4A Project Time Predictability	90.0%	A minimum of 90% of projects due to be completed in 2022-23 to be completed within original project programme period
4B Project cost predictability	90.9%	A minimum of 90% of projects completed in 2022-23 to be completed within original contract price

4.2 Local Performance Indicators

4.2.1 Capital Receipts

Those properties within the Disposal Programme and available for marketing in 2023-24 had a target value of £5.50m. During the year all were successfully marketed and capital receipts of £6.025m achieved with a further £8.6m of receipts from the sale of the development site at Sysonby Farm, Melton Mowbray carried forward to future years.

Property Performance Indicator and Description	Performance 2023- 2024	Target
5A Capital Receipts	£6.025m	To achieve the agreed Capital Receipts target for the year (£5.50m)

4.2.2 Asset Challenge

During the year the Asset Challenge of all Operational properties within Charnwood Borough and North West Leicestershire District areas. Details of the outcomes are contained in the Report attached as Appendix A.

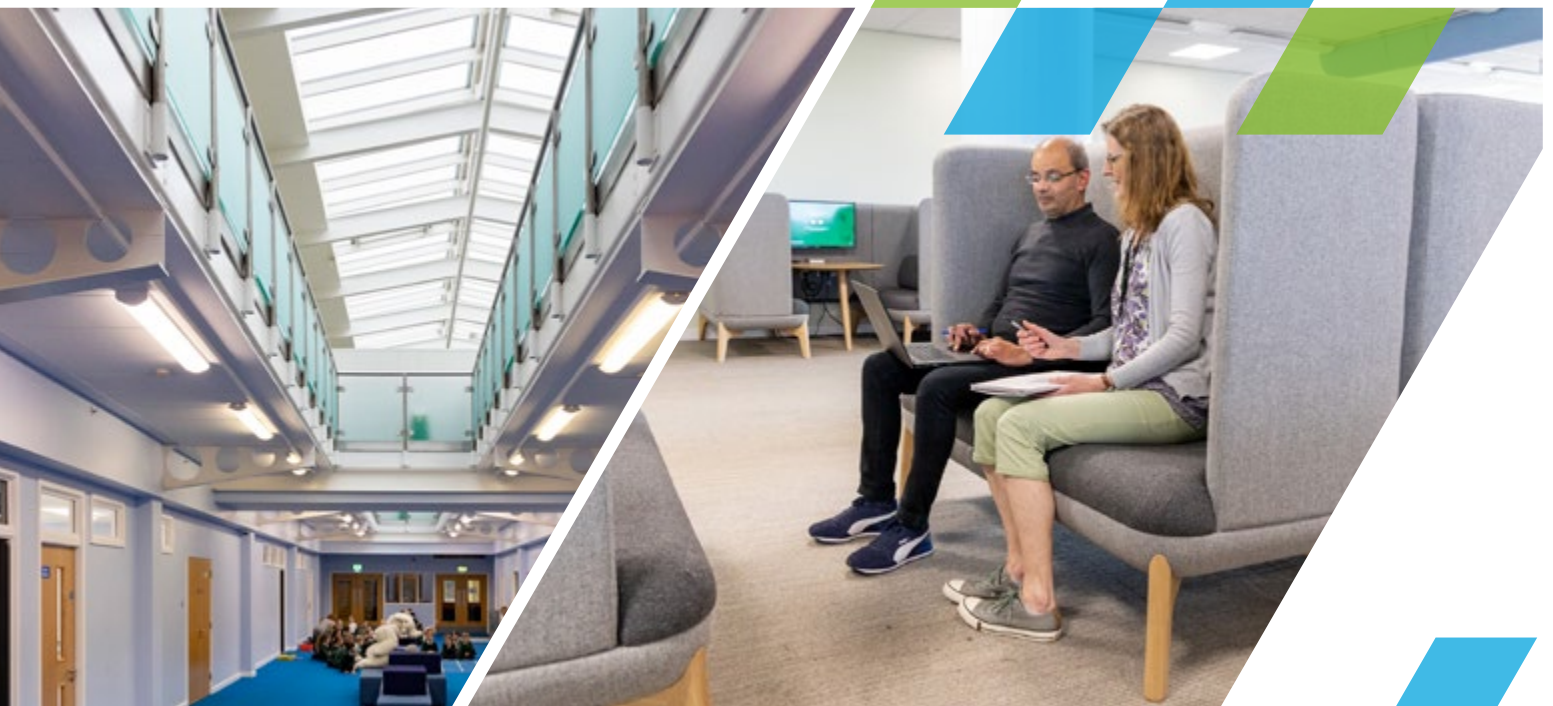
Property Performance Indicator and Description	Performance 2022 - 2023	Target
5B Asset Challenge	Charnwood Borough and North West Leicestershire District	To undertake the Asset Challenge in respect of a minimum of two Districts or Boroughs in each year. Achieved

6 ACTION PLAN 2024 -28

In response to the changing economic conditions, available resources detailed in the MTFS and changing demands on services, the Action Plan 2024 – 28 has been developed.

The major programmes and projects detailed in Section 5.1 below will be funded by the Capital Programme. Supported by any available grant and Section 106 funding, and developed as part of the MTFS which seeks to balance the resources available against the need to achieve improved service provision.

The successful delivery of those capital programmes and projects remains a major focus of the CAMP Action Plans for the period to 2026. Section 5.2 details the review of existing service requirements, existing projects and the development of new programmes and strategies. As delivering the CAMP programme progresses the number of reviews has reduced. However, in the event of changes to Central Government strategy it may be necessary to initiate further reviews during the year. Section 5.3 lists the “business as usual” operations that will continue to be delivered. Essentially, the Action Plan identifies the work necessary to meet service needs and the aspirations of the Strategic Plan.



6.1 Capital Programme Project Delivery

PROGRAMME	PROJECT	STRATEGIC OUTCOME							DELIVERY PROGRAMME				
		Improved Opportunities	Strong Economy	Safe and Well	Great Communities	Green and Clean	Transport and Infrastructure	Strategic Change Portfolio	Previous Years	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
CHILDREN AND FAMILY SERVICES													
School Place Programme	Overall Programme	⬇											
	Hastings High School Expansion	⬇											
SEND Programme	Expansion of Special Schools	⬇											
	Birchwood School, Melton Mowbray Expansion	⬇											
Childrens SCIP	Childrens Residential Homes	⬇											
Capital Maintenance Prog.		⬇											
Schools Devolved Formula Capital		⬇											
Schools Access and Security		⬇											
Section 106 Schools Infrastructure	South East Coalville New Primary Schools	⬇	⬇				⬇						
	Primary School Airfield Farm, Market Harborough	⬇	⬇				⬇						
	Iveshead Secondary School Expansion	⬇	⬇				⬇						
	Hugglescote Primary School Expansion	⬇	⬇				⬇	⬇					
ADULTS AND COMMUNITIES													
SCIP	Extra Care - Holliers and Snibston			⬇									
Section 106 funded Library Improvements					⬇								
ENVIRONMENT AND TRANSPORT													
Major Schemes	Melton Mowbray Distributor Road - North and East Sections		⬇	⬇			⬇						
	A511/A50 MRN		⬇	⬇			⬇						
	Zouch Bridge		⬇	⬇			⬇						
	Melton Depot - Replacement		⬇				⬇						
Environment and Waste	Recycling Household Waste Sites - General Improvements					⬇							
	Recycling Household Waste Sites - Lighting					⬇							
	Recycling Household Waste Sites - S.106 funded schemes					⬇							

PROGRAMME	PROJECT	STRATEGIC OUTCOME						DELIVERY PROGRAMME					
		Improved Opportunities	Strong Economy	Safe and Well	Great Communities	Green and Clean	Transport and Infrastructure	Strategic Change Portfolio	Previous Years	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
CORPORATE RESOURCES													
Transformation Unit - Ways of Working	Workplace Strategy - Office Infrastructure							☑					
	Workplace Strategy - End User Device							☑					
	Workplace Strategy - Property Costs, Dilapidations and Refurbishments							☑					
Property Services	Data Centre UPS replacement		☑					☑					
	Snibston Ancient Monument				☑								
	Bassett Centre Replacement Windows				☑								
Climate Change - Environmental Improvements	Electric Vehicle Car Charge Points		☑	☑		☑	☑						
	Energy Initiatives		☑	☑		☑	☑						
	LCC Public Sector Decarbonisation Scheme		☑	☑		☑	☑						
	Energy Initiatives					☑							
CORPORATE													
Investing in Leicestershire Programme	Airfield Business Park - Phase 3 & 4		☑				☑						
	Quorn Solar Farm		☑			☑	☑						
	M69 Junction 2 - SDA		☑				☑						
	Lutterworth Leaders Farm Drive Through Restaurants		☑				☑						
	East of Lutterworth SDA (Planning & Preparatory Work)		☑				☑						
	County Farms Estate - General Improvements		☑			☑	☑						
	Industrial Properties Estate - General Improvements		☑				☑						
	Asset Acquisitions / New Investments		☑				☑						

6.2 Reviews and Development of Future Strategies

SERVICE	REVIEW / STRATEGY	DESCRIPTION	STRATEGIC OUTCOME										
			Improved Opportunities	Strong Economy	Safe and Well	Great Communities	Green and Clean	Transport and Infrastructure	Strategic Change Portfolio	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Corporate	Corporate Asset Management Plan	Prepare Annual Performance and Strategy Update Report and review Action Plan to align with MTFs and obtain Cabinet approval to any proposed modifications. Undertake full review of CAMP in 2026 - 27.	✓	✓	✓	✓	✓	✓	✓				
	Asset Challenge Programme	Review of all publicly owned property assets within each District or Borough Council Area to ensure the retention of good performing assets and the improvement replacement or disposal of those which fail to meet agreed performance targets (2 local authority areas to be completed annually)	✓	✓	✓	✓	✓	✓	✓				
Chief Executives	Coroners and Registrars Service	Complete the review the portfolio of properties supporting the Coroners and Registrars Services				✓							
Childrens and Family Service	Forward Planning of the Future Years School Places Delivery Programme	Working with partners and engaging with the Local Plan process to ensure that the future School Places Delivery Programme reflects the need for places based on future population and housing growth across the County	✓										
	South Leicestershire SEND Feasibility Study	Progress an options appraisal and feasibility study to identify a preferred location for the provision of a Send school in the south of the county	✓										
Environment and Transport	Forward Planning for Major Schemes Programme	Providing property advice in respect of all future Major Schemes necessary to support the preparation of scheme budgets and compulsory purchase process		✓					✓				
	Fleet Transition Feasibility Study	Continue to support the delivery of the Fleet Transition Feasibility Study to ensure the delivery of service improvements maximises both carbon reduction and value for money through a co-ordinated approach across the Council		✓			✓	✓					
	BNG Delivery Strategy	Support the development of a BNG delivery strategy including the identification of opportunities to deliver BNG improvements across the asset base.					✓						

SERVICE	REVIEW / STRATEGY	DESCRIPTION	STRATEGIC OUTCOME										
			Improved Opportunities	Strong Economy	Safe and Well	Great Communities	Green and Clean	Transport and Infrastructure	Strategic Change Portfolio	2024 - 2025	2025 - 2026	2026 - 2027	2027 - 2028
Corporate Resources	Review of Strategic and Operational Property Services	Review of the current operating model to ensure the continued delivery of an effective and efficient asset and property management service.	✓	✓	✓	✓	✓	✓	✓				
	IILP Investment Strategy Review	Annual review of the IILP Investment Strategy to ensure that the management of the portfolio and investment decisions reflect current market conditions and reflect wider Council objectives	✓	✓	✓	✓	✓	✓	✓				
	IILP Rural Estate Future Management Strategy	Review of the IILP Rural Estate to inform the development and implementation of a revised management strategy in order to maximise the potential for the continued future delivery of financial benefits and wider strategic objectives	✓	✓	✓	✓	✓	✓	✓				
	IILP Portfolio Review	Annual Review of individual assets within the IILP Portfolio against performance targets to ensure the retention of good performing assets and the identification of underperforming assets with a view to their improvement or disposal	✓	✓	✓	✓	✓	✓	✓				
	Further Development of the Project Management Office	Further develop the functionality of the Project Management Office to provide additional ongoing support in the procurement and delivery of all capital and major revenue projects ensuring that value for money is achieved, risk is managed positively and projects are delivered on time and on budget.		✓				✓					
	Review of property asset management data system (PAMS)	Review specification of existing K2 property PAMS system and future market opportunities for the procurement of a replacement system at the termination of the current contract in Sept 2024							✓				



6.3 Annual Property Management Programme

Programme	Description
Capital acquisitions and disposals programme	Annually prepare and deliver acquisitions and disposals programmes necessary to ensure the delivery of effective services and support the council's capital programme respectively
Future development sites programme	Identify through the asset challenge and annual review of the caif portfolio potential future development sites and promote them through the planning system to achieve local plan allocations or planning consent to achieve best value from future disposals or development by the caif
Asset and insurance valuations programme	Undertake the revaluation of a proportion of the overall portfolio each financial year in order to meet statutory compliance
Central maintenance fund repair programme	Prepare and implement a comprehensive repairs and maintenance programme which maximises planned maintenance but provides for some reactive / emergency maintenance to be undertaken, as required
Condition and regulatory compliance surveys programme	Re-survey a proportion of the overall portfolio each financial year in order to meet statutory compliance and inform future years central maintenance programme
Ongoing management of property portfolio including iilp direct property assets	Day to day management of the council's overall property portfolio including, as appropriate, facilities management, maintenance and repair, re-lettings, lease renewals, rent reviews, compensation claims and dilapidations and management of day to day property enquiries.
Freedom of information requests	Provide support and information, as required, to respond to requests for information in accordance with the provisions of the freedom of information act
Management of traded services	Undertake the management and ongoing performance review of all property related traded services
Energy compliance and data management	Maintain accurate up to date energy database including account and meter information, fit and rhi submissions, mees reviews and dec/epc requirements.
Maintenance of property information and financial property management and reporting systems	Maintain accurate up to date property and property related financial information and data providing the reports necessary to support the ongoing management of all property assets and the assessment of performance of individual assets measured against targets in the development of future strategies.



6.4 Key Actions and Outcomes 2023 – 24

The overarching function of Property Services and central to the delivery of strategic and corporate objectives is to ensure that the Council's portfolio of property assets are fit for purpose, well maintained and capable of meeting the current and future needs and demands of the services they support. To achieve that objective the following actions remain key to its delivery:-

- To continue to work closely with service providers to identify their ongoing property needs, challenge the status quo, assist in the consideration of potential delivery options and progress their implementation ensuring that value for money is achieved.
- Adopt collaborative ways of working to deliver a property service that is efficient and cost effective and focussed on delivering the needs of services and meet the demands of the communities they serve.
- Maintaining an effective property asset management system capable of providing robust data to support the asset challenge and option appraisal processes.

Against that background it is recognised that the achievement of the following key outcomes is essential to delivering that principal objective and the Council's wider strategic goals for the period to 2026.

- Deliver all Services' Capital Programme projects on time and within budget.
- Complete the Central Maintenance Fund Works programme
- Continue to deliver initiatives that support the Energy Strategy and Net Zero Carbon targets.
- Meet the capital receipts target
- Maximise revenue income and potential cost savings
- Further develop the property asset management system (PAMS)
- Work with partners and provide support in the delivery of the ongoing Ways of Working Programme across the authority

APPENDIX A

Corporate Asset Management Plan 2022 - 2026 Annual Performance and Strategy Update Report Asset Challenge 2023 – 2024

1. The Corporate Asset Management Plan (CAMP) 2022-2026 was approved by the Cabinet in September 2022. It promotes the rationalisation of the Council's property assets, reducing property running costs, generating new property income streams, ensuring cost effective procurement of property and property services, and creating capital receipts to support capital programme or other beneficial investment proposals. Specifically, it contains a requirement to undertake an asset challenge in respect of the assets held in a minimum of two districts/boroughs each year.
2. The Asset Challenge 2023-2024 considered the assets held in Charnwood Borough and North West Leicestershire District.
3. The asset challenge followed the process detailed in the CAMP and considered the following:
 - the strategic purpose for which the property is held;
 - the opportunities and risks presented by its continued ownership;
 - the current performance of the property in terms of suitability and value for money;
 - the potential future options in respect of improved service delivery and better utilisation of the asset, including any latent development potential
4. The outcome of this assessment is then used to support evidence based conclusions regarding the retention, re-use or disposal of the property. Following consultation with the current service user, or reference to the Corporate Property Steering Group (CPSG) in circumstances where a dispute arises, the outcome is confirmed and implemented.
5. At the end of the process, those freehold properties considered to be potentially surplus to requirements become subject to the disposals process, will be declared surplus by CPSG and sold. The leases of any surplus leasehold property will be surrendered to the landlord.
6. The initial assessment of all properties subject to asset challenge in 2023 – 2024 were completed in March 2024. The outcomes and recommendations are detailed in the following sections.

Charnwood Borough.

7. On 1 April 2023 there were a total of 181 properties within Charnwood Borough of which 147 were owned freehold and 2 held on long leases; the remaining 32 properties categorised as assets 'Not Held', being properties (or in some cases a single room) occupied by a County Council service on the basis of an insecure licence or hiring agreement.

8. The outcomes and recommendations for assets located in Charnwood Borough are detailed in the table below.

CHARNWOOD BOROUGH					
Category	Retain	Retain / Improve	Further Review	Re-use	Dispose / Surrender
Primary Schools	53	2			
Secondary Schools	10	2	1		
Special Schools	3	2			
Other Education	3		1		
Libraries	10	1			
Museums	1				
A&C Other	8		1		
Depots	1				
RHWS	2		1		
Highway Assets	4		1		
Offices	2				1
IILP Assets- Farms	3	2	2		
IILP Assets - Commercial	3		2		4
Country Parks	6	1	2		
Transport Fleet Base	1				
Park and Ride	1				
Land in Advance	2		1		3
Managed Assets			4	1	1
Declared Surplus	-				
Assets Held for Sale	-				
Assets not Held	32				
TOTAL 181	145	10	16	1	9

9. In respect of the categories and individual assets within Charnwood Borough the outcomes have been influenced by or take account of the following:
- 76% of all school properties are academies subject to 125-year leases.
 - Within the Schools portfolio the potential exists for the following improvements and reviews to be progressed:
 - With the benefit of Section 106 funding, improvements will be delivered at Cossington PS with new schools delivered West of Loughborough and at Anstey (subject to the completion of the necessary land transfers).
 - DfE School Rebuilding Programme funding has been secured for the redevelopment of The Martin High School, Anstey and potentially, the Rawlins Academy, Quorn; the latter facilitating a review and rationalisation of the existing campus.
 - The Bowman Academy SEMH School is being established on the former St. Bardolf's PS site at Shepshed.
 - The former day centre on the site of Highcliffe PS, Birstall is to be appropriated to C&FS and incorporated within the school.
 - The future retention (or disposal) of 2 managed assets is subject to ongoing review as both Collington House and the Rawlins Mobile are dependent on the future delivery of wider schemes whilst the farmland adjoining Maplewell school could also be considered as a future site for the delivery of off-site BNG.

- d. Feasibility work in ongoing in respect of a potential visitor centre at Watermead Country Park to include the ranger facilities currently rented from Severn Trent.
- e. The following properties are subject to further review:
- Country Parks - UPRN 1726 – Broombriggs Farm -the further review is in respect of whether the under utilised farm buildings have any development potential.
 - A&C Other - UPRN 2155 – Loughborough United Reform Church – Leasehold property used for day care.

North West Leicestershire District

10. On 1 April 2023 there were a total of 164 properties within North West Leicestershire District, of which 119 were owned freehold and 1 held on a long lease; the remaining 12 properties being assets not held.

11. The following table details the outcomes and recommendations in respect of assets within North West Leicestershire District

NORTH WEST LEICESTERSHIRE DISTRICT					
Category	Retain	Retain / Improve	Further Review	Re-use	Dispose / Surrender
Primary Schools	49	1			
Secondary Schools	6	2			
Special Schools	1				
Other Education	3	1			
Libraries	4				
Museums	1		1		
A&C Other	2				1
Depots	1				
RHWS	4				
Highway Assets	4				
Offices	2				
IILP Assets- Farms	12				1
IILP Assets - Commercial	12		2		3
Country Parks	8		1		
Travellers Sites	1				
Land in Advance	5		5		2
Managed Assets	5				
Declared Surplus			1		4
Assets Held for Sale			1		4
Land Reclamation					2
Assets not Held	12				
TOTAL 164	132	4	11		17

12. Similarly, the above outcomes take account of the following:

- a. Overall, 53% of all schools are academies. Whilst all Secondary and Special schools are academies only 44% of Primary Schools have academy status with many continuing to be either controlled or community managed. Accordingly, the potential exists to make future savings in the event that more schools transfer to academy status.
- b. In respect of individual school assets the following should be noted:
 - Hugglescote PS is being expanded to meet future demand for additional places.
 - Feasibility studies are ongoing in respect of the future expansion of facilities at Newbridge HS and Ibstock Community College.
 - Coalville Forest School is programmed to open in August this year.
- c. The following properties are subject to further review:
 - Museums - UPRN 578 – Snibston Discovery Park – There is an ongoing review of the retained parts of the site.
 - Country Parks - UPRN 1860 – Sarah’s Wood – investigating the potential of transferring property to National Forest.

13. In addition, the following applies to the assets within both local authority areas:

- The recommendations in respect of Depots, RHWS and Transport Fleet bases mirror the conclusions of the 2023-24 Review.
- All Museums properties currently used for the storage of artifacts have been recommended for retention, pending the outcome of the ACL project feasibility study. On the future provision of a new centralised facility a number of assets would be available for disposal. In addition, the Coalville Community Resource Centre which was being retained to support the ACL project is no longer required for that purpose and is to be marketed in the current financial year.
- In accordance with the recommendations of the Hymans Robertson Review of the IILP portfolio in January 2024 all properties performing at below target levels will be subject to further review. With a view to their future disposal and the proceeds of sale being re-invested in assets that deliver financial returns that meet target levels whilst addressing areas of market and social failure. Having reviewed all IILP properties within the Charnwood and North West Leicestershire areas seven such properties have been identified, to date, with a view to their disposal being considered by the IILP Board in advance of them being formally declared surplus.
- Any property that has been identified as having development potential (including renewable energy infrastructure) or the potential to deliver biodiversity net gains to support development are to be retained with a view to realising that potential.
- It is noted that there is a total of 44 “Assets not Held” across the two local authority areas being largely premises (or a single room) used on the basis of a licence or hiring arrangement close to the point of service delivery. Services are being requested to ensure that in continuing such arrangements, they confirm no suitable County Council owned premises are available capable of meeting their need.
- The K2 Property Information System will be updated to reflect any recategorisation of assets required as a result of this review identifying errors or omissions in the current data.

14. A total of 26 assets spread over the two challenge areas, including the bulk of those previously declared surplus to requirements, have currently been identified as remaining or being potentially surplus to requirements. Of the surplus or potentially surplus properties, less than half (nine) represent viable marketing opportunities; the balance of 17 assets having been identified as being either saleable but would only be attractive to a single special purchaser, saleable but of nominal/no value or held on a lease/licence that would be surrendered, as illustrated in the table below.

Challenge Area					
	Total Surplus	Market Opportunity	One Potential Purchaser	No Value	Surrender Lease
Charnwood Borough	9	2	3	3	1
North West Leicestershire District	17	7	7	3	0

Actions

15. it is proposed that:
- All potentially surplus assets be progressed through the disposals procedure and where no viable alternative service use is identified they be declared surplus to requirements;
 - All assets declared surplus to requirements be disposed of at best consideration, subject to the sale representing a viable marketing opportunity; and,
 - In circumstances where a sole special purchaser has been identified the asset is offered or re-offered to that purchaser at an appropriate early date.
 - Services utilising “Assets not Held” be requested to review the potential for delivering that aspect of service delivery from an alternative County Council held property.

Capital receipts

16. The estimated value of the viable marketing opportunities either being marketed or yet to be marketed amounts to the sum of £4.9 million. In respect of the properties yet to be marketed valuations and estimates of costs have been obtained in advance of marketing to ensure a surplus can be achieved.
17. Additional capital receipts would also accrue from any sales to single special purchasers.
18. In respect of those properties yet to be formally declared surplus a detailed assessment of the potential capital receipts, revenue and cost implications will be provided as an integral part of the report presented to CPSG.

Revenue Savings and Cost Avoidance

19. The revenue resource implications in respect of sales of freehold properties and surrenders of leased properties has resulted in property operating cost savings and cost avoidance resulting from repairs and maintenance and other commitments not required, as detailed in the table below

Property operating costs	£57,000
Cost Avoided	£920,000
Total savings	£977,000

Notes: The above cost savings are based on the last recorded full year's data and condition survey

Tenants are responsible for running costs in respect of let properties

Service Department Consultation

20. Service Departments have been consulted in accordance with the agreed asset challenge and disposal procedures.

Asset Challenge 2024 – 25

21. Asset challenge in 2024 – 25 will review properties in Harborough District and Hinckley and Bosworth Borough.



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By virtue of paragraph(s) 3, 10 of Part 1 of Schedule 12A of the Local Government Act 1972.

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