

Capital & Assets Programme – Wave 2

Pathfinder Project Appraisal Template

Purpose

This information is required in order to demonstrate to central Government and local public sector partners that savings can be achieved and better service outcomes delivered if asset rationalisation is progressed across the public sector at a local level.

1 Brief description of project

Shropshire is a predominately rural County (94% is classed as rural) and in terms of area is the fourth largest in England. In population terms, however, it has one of the lowest densities in England. Shropshire's communities are classified as being super sparse. The county's geographic and population profile poses particular challenges for public sector partners in terms of the type, level and costs of services provided for local people and the places from which these services are delivered and accessed.

The principal aim of the Shropshire CAP project is to form an effective Shropshire Single Estate Partnership (SSEP) which enables an integrated approach to asset management to be undertaken by willing partners from the public, voluntary and private sector. The success of the partnership is predicated by support and endorsement at Executive level, a willingness to work together on an open book basis, taking a place based view of the needs of local people in rural communities and the ability for partners to share the gains and benefits of the programme to achieve their respective business and financial objectives.

2 What is the Project aiming to achieve?

The project is aiming to achieve the following:

1. To establish an effective Shropshire Estates Partnership (SSEP) involving property and estates leads from all key partners with involvement and input from planning officers, customer engagement officers and service delivery officers.
2. To use the SSEP to better facilitate public sector asset management and embedding this approach as the norm rather than the exception for all committed partners.
3. To reduce the area occupied by the public estate in Shropshire to achieve up to 30% savings in operational costs and to provide capital to re-invest into front line service delivery.
4. To establish place based asset management plans to be agreed with partners, that take into account planning objectives at a county wide and local level and which identify co-location opportunities for front and back office delivery in each of Shropshire's largest market towns.
5. Mapping and appraising assets owned and used by public and voluntary sector partners to identify their suitability, efficiency, cost and opportunity for disposal, sharing or transferring to private providers or the local community.

Shropshire Capital and Asset Pathfinder Programme

6. Use customer intelligence and insight information that the Council and its partners has in rich supply to inform all key asset management decisions to ensure that the public will identify and use these venues to their maximum potential.
7. Raise awareness amongst staff, managers, service users and Elected and Board representatives of property performance in terms of cost, sustainability and occupancy. Property performance information will identify where and how property is used efficiently or in efficiently and inform key decisions and opportunities to deliver new ways of working such as front office shared services (FOSS) and the provision of multi agency service hubs.

All local, regional and national public sector organisations across Shropshire are currently reviewing their capital and assets portfolio. Most if not all have identified significant cuts in government grant funding which has brought the costs associated with service delivery, both front and back office, into much sharper focus. All partners recognise the need to significantly reduce costs whilst maintaining the quality and reach of service delivery.

Shropshire partners are in the process of identifying and RAG rating the assets that they own and use. The RAG rating principle, used to good effect by the wave 1 Worcestershire CAP, will flag assets as follows:

- Green – dispose/ no longer required
- Amber – potential re-develop/ co locate
- Red – no change/ retain

All assets flagged as Green and amber will receive priority attention by SSEP.

Shropshire Council wishes to reduce the property and area occupied by its back office by at least 30%. This will be achieved by asset disposals, flexible and mobile working and co-location with partners at venues where broadband technology exists. Secure internet connections for partner use will be identified early in the planning and service re-design stages. Certain Council venues, including former borough and district council buildings, are used by partners but this is piecemeal and occupancy levels suggest that inefficiencies exist in terms of usage.

The needs of customers and the profiles of local communities will be used extensively in Shropshire's place based asset management approach. Mosaic customer insight data helps to infer the profile and service needs of local people at neighbourhood level. The Council's Area Directors, community action officers, Elected Members and town and parish councils will be actively involved in asset management and will be provided with customer profiles, asset maps (and flags) and property information to help identify new opportunities for service delivery. Most importantly local place plans, developed recently by town and parish councils, will be used to determine future land and property uses in accordance with the LDF and the Site Allocation and Management Development framework (SAMDEV).

The opportunity to use and maximum broadband equipped public buildings including schools for wider partner and community use will be thoroughly tested via well established consultation groups including the Shropshire Schools Forum and the Shropshire Schools Governors Council. Diocesan Directors of Education will be

members of SSEP given that over one third of Shropshire Schools are faith schools with many being owned by the respective Hereford and Lichfield diocesan authorities.

3. Options Appraisal

The Shropshire CAP programme was launched in October 2011 with most partner organisations in attendance. Key note speakers included the Leader of the Council, the Chief Executive, Martin Forbes from Improvement and Efficiency West Midlands (IEWM) and Colin Jackson from Hampshire County Council who has managed Hampshire's wave 1 CAP programme. Shropshire's pan public sector partners, including the voluntary sector, welcome the CAP programme as a vehicle to work together and share customer and property data and intelligence. Most wish to engage fully in the programme and believe benefits can be achieved and shared as a result.

Three opportunity workshops were scheduled following the Shropshire CAP launch. The first of these was held on 15 November 2011 at a multi-agency PFI building in Shrewsbury. Further workshops are scheduled, with priority areas of work identified, in January and February 2012. The purpose of the initial workshop was for each partner to consider and provide evidence of:

1. Their asset maps and how these are maintained i.e. GIS, property information system used or alternative means
2. Their key business objectives and drivers for change
3. The type and level of customer insight information they hold and how this can be used to inform asset option appraisals
4. Examples of how and where they co-locate with partners and how this has delivered service improvements and financial benefits
5. To what extent they currently or plan to use flexible and mobile working
6. To what degree they are prepared to fully engage, within legislative requirements, in an open book approach in terms of asset management.

Partners who have engaged in the programme so far are:

- Shropshire Council
- Shropshire County PCT
- Shrewsbury & Telford NHS Trust
- Shropshire Fire and Rescue Service
- West Mercia Police
- Voluntary and Community Sector Assembly
- Shropshire Housing Group

There are some organisations (listed below) who have been unable to attend both meetings yet we have established positive dialogue with them and are confident they will engage in the programme.

- Shropshire Community Health NHS Trust
- West Midlands Ambulance NHS Trust
- Job Centre Plus

Shropshire Capital and Asset Pathfinder Programme

- West Mercia Probation Trust
- Severnside Housing

Being a unitary authority Shropshire Council is also the local planning authority. As a result of this senior representatives from the planning department have been present at each of the first two meetings of Shropshire CAP. The planning department have issued Place Plans which help make up the LDF and specify what communities view as priorities in terms of local infrastructure and service requirements. Shropshire CAP will work closely with these documents as they provide accurate up to date research as they were designed from Community Toolkit events.

The overarching principle that came from our first workshop was the need to rationalise assets to cut operational costs. Direct and indirect costs associated with asset management mean that current service provision is dependent on the location of properties. These properties were constructed under a different planning regime, for a different demographic with different accessibility means. Therefore the location of today's assets and consequently services do not always meet contemporary requirements.

After our first workshop we agreed to map all our assets using a RAG classification system. We have agreed to share data about our property so that at our next workshop in January we can discuss possible solutions in one or two of the market towns in Shropshire that we believe have the most potential. It is imperative we get the first part of this programme (mapping of assets) correct before identifying possible projects to take forward.

Four priority areas of CAP work will be addressed as options to take forward:

1. To identify venues for multi agency service hubs in three areas of the county; north, central and south. Partners will use customer insight information, asset data with RAG classification and local place plans to consider the best and most appropriate options for co-located, multi agency service delivery in three of Shropshire towns being Oswestry (North), Shrewsbury (Central) and Bridgnorth (South). These have been identified by partners as the places where the most benefit can derive for co-located, co-designed shared venues.
2. To identify where and how venues that are currently equipped with good, high speed broadband connectivity (sadly lacking in many parts of Shropshire) can be used more extensively for flexible and mobile front and back office services. This will include schools, FE colleges and health service venues.
3. To identify how commercial and housing property development in market towns can build in, at the master planning stage, the asset needs of partners and our customers to commission and deliver new service delivery models. This may involve new facilities for blue light services, new community facilities and asset transfers to new social enterprises. Investment for these can be built into and financed via capital receipts, the Community Infrastructure Levy (CIL) and the New Homes Bonus (NHB). In Whitchurch, one of Shropshire's principal market towns, a major re-development involving a large retailer is planned. This may provide opportunity for a CAP based approach to rationalising the public estate.

4. Carbon reduction – evaluating the carbon footprint and efficiency/ in-efficiency of public and community buildings that exceed 1,000 sqm and identifying renewable technologies and new ways of working that will assist in reducing carbon output. This is deemed to be high priority for Shropshire partners given the widely anticipated rise in energy costs, in particular electricity, in the next 5 to 10 years.

The following property related information is currently being base-lined to assess the as-is position against which improvement targets can be set, measured and monitored:

- i. Property running costs; including planned maintenance
- ii. Carbon efficiency
- iii. Occupancy levels and rates
- iv Existing use and potential development values

The benefits to partners from the above four priorities of CAP programme work will be agreed in advance and factored into the business case. It is recognised that not all investment and subsequent savings can or will be equally shared between partners dependent upon the particular scheme or programme of work involved. The aim therefore is to seek ways of ensuring that all willing partners receive benefits from at least one of the four programme priority areas. Financial and carbon savings must be identified and monitored according to the level of partner involvement and use.

All financial and carbon savings will be planned, monitored and publically reported via the Shropshire CAP webpage.

4. Values

We are unable to provide values for partners at this OBC stage. These will emerge from the detailed business case having identified the four targets areas/ themes identified in section 3.

	Baseline	Proposed
A. Total operational footprint (sqm)		
B. Current/predicted operating costs (define)		
C. Operating costs per sqm		
D. Operating costs per employee		
E. Capital receipts from disposal (years 1-5)		
F. Implementation costs (capital) (years 1-5)		
G. 25 year NPV (costs minus benefits over 25 years discounted at 3.5%)		
H. 10 year NPV		
I. 5 year NPV		

5. Barriers (max 500 words)

Some Shropshire public sector organisations are undergoing a fundamental restructuring in how they operate and as such are unclear on what their asset provision is likely to be. For example Primary Care Trusts are being abolished. Therefore the Shropshire County PCT (which is being split into two sections) are yet to decide what assets are in scope as they do not know the full extent of the needs of their new business requirements.

Not all organisations have their assets mapped on GIS or have access to digital title plan boundaries. Some organisations have expressed a reluctance to spend money on obtaining this from Land Registry (£4/£8) as at the moment it is still unclear what benefit the programme will be to them. As a result this will lengthen the time needed to put together an accurate title plan map of partner assets.

The Shropshire CAP programme has experienced some initial reluctance from the MOD to engage citing a directive from the Government's Property Unit as a reason for not doing so. We will look to the LGA team for advice in this regard.

One of the major barriers to overcome in any programme of this nature is reluctance to change culture and look beyond institutional constraints. People have to change the way that they work and be given the tools and opportunities to do so (including flexibility in their terms and conditions) to deliver permanent and meaningful service improvements and cost savings. If a host organisation does not allow secure internet access from their building and/ or limits use due to unduly tight adherence to existing building management rules then the opportunity to share and rationalise the use of other buildings diminishes. One of the key tests to this which will be piloted by the Shropshire CAP programme will be greater use of school buildings by partners in particular out of school hours.

6. New Procurement approaches, or Finance Vehicles used? (max 500 words)

The Shropshire CAP is not looking to establish an Asset backed vehicle approach at this early stage of the programme. This approach is being considered by the Department of Health and will be monitored closely given the willingness of health partners in Shropshire to actively engage in the programme.

The Shropshire CAP programme will not involve large scale commercial re-development in the county. Sustainable urban extensions (SUEs) are planned in Shrewsbury and Oswestry to provide an additional 6,500 homes over the next 15 years. The infrastructure and asset needs that are required from these developments will be taken into account by the CAP programme and its partners.

New procurement approaches will however be considered for:

- i. the contracting of building trades and consultancy services
- ii. the purchase of furniture, equipment and technologies
- iii. the use of building information modelling (BIM) in all CAP related building re-designs

- iv. sharing back office services between partners and potentially with other neighbouring local authorities

7. Other Benefits (max 500 words)

Benefits that will be identified and measured via the SSEP in delivering a county wide integrated asset management solution will be:

1. Increased customer satisfaction in terms of services received
2. Increased staff and partner satisfaction
3. 30% decrease in the number of public sector owned and leased buildings
4. Up to 30% decrease in property related costs
5. Increase in the % of public buildings with multi agency occupants
6. Decrease in the carbon footprint of properties
7. Greater number of partner bodies within and outside of Shropshire engaged in the SSEP and CAP programme beyond April 2012
8. Increase in asset related managed services and shared service models
9. SSEP/ CAP brand developed and prominent in all buildings and projects enabled by the Shropshire CAP programme
10. An increased awareness of property use and performance as part of the Council's new performance management and learning and development programmes.