

<b>SHAREHOLDER CABINET COMMITTEE</b>	<b>AGENDA ITEM No. 4</b>
<b>7 NOVEMBER 2022</b>	<b>PUBLIC REPORT</b>

Report of:	NPS Peterborough Ltd	
Cabinet Member(s) responsible:	Cllr Andy Coles - Cabinet Member for Finance and Corporate Governance	
Contact Officer(s):	Christine Addison – Resources Directorate Alex Gee – Operations Director, NPS Property Consultants	

## **NPS PETERBOROUGH BUSINESS PLAN STRATEGY**

<b>RECOMMENDATIONS</b>	
<b>FROM:</b> Corporate Director Resources	<b>Deadline date:</b> N/A
<p>It is recommended that Shareholder Cabinet Committee:</p> <ol style="list-style-type: none"> <li>1. Notes the contents of the NPS Peterborough Ltd presentation covering the 2022/23 period.</li> <li>2. Notes the comments in this report in respect of the future direction of the Property function relating to the decision to end the current joint venture with NPS (Peterborough) Ltd and the transition to providing the property function internally.</li> </ol>	

### **1. ORIGIN OF REPORT**

1.1 This report is submitted to Shareholders Committee as part of its normal programme of works.

### **2. PURPOSE AND REASON FOR REPORT**

2.1 The purpose of this report is to provide the Committee with an outline of the work that NPS are currently undertaking for the Council as part of its business plan.

2.2 This report is for Peterborough City Council Shareholder Cabinet Committee to consider under its Terms of Reference No. 3.3.2 (a), *'To monitor performance and financial delivery of the companies, partnerships and charities ... in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny'*.

2.3 The attached presentation documents how NPS Peterborough Ltd plans to deliver the Council's property service during the transition period in line with Council requirements and its Business Plan.

### **3. TIMESCALES**

Is this a Major Policy Item/Statutory Plan?	<b>NO</b>	If yes, date for Cabinet meeting	<b>N/A</b>
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## **4. BACKGROUND AND KEY ISSUES**

- 4.1 NPS Peterborough Ltd is a 50/50 joint venture company owned by Peterborough City Council and the Norse Group (a wholly owned subsidiary of Norfolk County Council). The Council's contract with NPS started in 2016 with a ten year contract period. The objectives of the joint venture are to support the City Council in using its property and land asset to support service delivery, regeneration and growth in line with the Council's corporate plan by providing a professional property estates, landlord and tenant matters including the commercial estate management, and strategic asset management advice to support the City's growth and regeneration ambitions. The joint venture can also commission and provide other professional property services that support the Council's agenda
- 4.2 NPS Peterborough Ltd also undertakes some additional FM related activities on behalf of the Council including energy billing and management of the security contract. In addition NPS took on the management of Peterscourt business centre, where its offices are located, from Opportunity Peterborough.
- 4.3 The Shareholder Committee report in December 2021 advised that a review would be carried out as part of the 2022/23 budget process. The review was carried out by CIPFA as part of the Council's Improvement Programme, with the outcomes and a summary reported to Cabinet in June 2022.
- 4.4 The CIPFA review highlighted a number of areas of concern relating to the Council's delivery of property services and the JV including in summary:
- Lack of corporate oversight in the Council on property matters
  - The structure and model of the JV contributing to a fragmented approach to property with core and non core work treated differently
  - The oncost associated with non core work including external valuations or advice.
  - Various FM services included in the JV adding to fragmentation in Council delivery of FM
  - High number of vacancies in in the professional property team with insufficient staff to provide the core work leading to delivery / timing failures due to lack of resource.
  - No staff in any Asset Management posts resulting in a weak draft Asset Management Plan which was judged not suitable for inclusion in the February Budget Cabinet in 2022.
  - Insufficient performance management with only two KPIs and insufficient ability of the Council to test VFM of the arrangement.
  - Concerns expressed by External Audit in relation to the Annual Asset Valuations.
- 4.5 Cabinet agreed in June 2022 to terminate the JV with 12 months notice (to end of June 2023). NPS Peterborough Ltd and the Council have been working together since that time on the transition plan. In the first instance, the Council is establishing its own internal property function under the new Service Director Commercial and Property, providing corporate property and asset management planning advice across the Cole of the Council and professional property services and property data management. Work is underway to identify which of the facilities management-related or ancillary services will continue and where these are best placed within the Council. It is the Council's intention to implement the new arrangements earlier than the stated termination date and work is underway to confirm the date and any associated implications.

## **5. CONSULTATION**

- 5.1 None

## **6. ANTICIPATED OUTCOMES OR IMPACT**

- 6.1 It is anticipated that the is report and the presentation will give Committee members an understanding and update on progress with the transition from the JV with NPS Peterborough

Ltd and how NPS intend to deliver the Council's requirements and property priorities over this period.

## **7. REASON FOR THE RECOMMENDATION**

- 7.1 The Committee are asked to note the report and associated documents and raise any queries or comments.

## **8. ALTERNATIVE OPTIONS CONSIDERED**

- 8.1 The review carried out earlier in 2022 and the report to Cabinet in June set out the basis of the decision to terminate the JV. The alternative of continuing was ruled out at that time and an alternative external delivery is not considered appropriate for the strategic elements of the service. The council will consider any framework of contract arrangements to deliver all elements of the property service as necessary in due course.

## **9. IMPLICATIONS**

### **Financial Implications**

- 9.1 The Council provided circa £1.7m income in 2021/22 with a lower level anticipated in the current year. The JV has returned c£700k over the past 5 years back to the Council in volume discount.

### **Legal Implications**

- 9.2 The contract is managed via the Service Deed of Agreement dated 8th July 2016./

### **Equalities Implications**

- 9.3 Referred to in the Learning and Development Plan slide in the Business Plan.

### **Rural Implications**

- 9.4 This contract manages the Councils Rural portfolio.

## **10. BACKGROUND DOCUMENTS**

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985

- 10.1 Cabinet report June 2022 "Agreement to Terminate the Council's Agreement with NPS Peterborough Ltd in relation to Property and Estate"

## **11. APPENDICES**

- 11.1 Appendix 1 – presentation provided by NPS Peterborough Ltd

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