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| GROWTH, ENVIRONMENT AND RESOURCES SCRUTINY COMMITTEE | AGENDA ITEM No. 6 |
| 7 NOVEMBER 2018 | PUBLIC REPORT |

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| Report of: | Pete Carpenter, Acting Corporate Director of Resources | |
| Cabinet Member(s) responsible: | Cabinet Member for Resources | |
| Contact Officer(s): | Pete Carpenter, Acting Corporate Director of Resources | Tel. 01733 384564 |

NPS PETERBOROUGH LIMITED 2017-18

| RECOMMENDATIONS | |
|--|----------------------------------|
| FROM: Pete Carpenter, Acting Corporate Director of Resources | Deadline date: <i>N/a</i> |
| <p>It is recommended that the Growth, Environment & Resources Scrutiny Committee:</p> <p>1. Review and comment on this report.</p> | |

1. ORIGIN OF REPORT

1.1 This report has been requested by the Interim Corporate Director of Resources.

2. PURPOSE AND REASON FOR REPORT

2.1 This is an opportunity for the Committee to hear from and question both officers of the Council and the NPS Peterborough Joint Venture Director, Alex Gee on the performance of NPS Peterborough during 2017/18.

2.2 This report is for the Growth, Environment and Resources Scrutiny Committee to consider under its Terms of Reference Part 3, Section 4 - Overview Scrutiny Functions, paragraph No. 2.1 Functions determined by Council:

5. Economic Development and Regeneration including Strategic Housing and Strategic Planning

11. Partnerships and Shared Services

2.3 NPS Peterborough continues to contribute to all of the Council's priorities.

3. TIMESCALES

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

- 4.1 The NPS Joint Venture started in July 2016
There are 5 Directors, who are names in the Annual Report. Any profit derived from the JV is shared 50:50 between the JV Partners.
Presently, the NPS JV covers Estate and Asset Management services across a portfolio of 1759 buildings with a Net Book Value of £401,780,000

These include:

Operational Properties – 12 Offices buildings occupied by PCC staff
Farms – 21 tenants covering 2923 acres
Commercial / Retail - includes 140 units
Delivered Total Rental Income - £2,303,000

Disposals Income achieved £13,073,700

- 4.2 The NPS Annual Report is attached at Appendix A. This sets out the financial performance of NPS Peterborough Limited. Overall:
- Revenues were increased compared to 2016/17
 - Costs increased roughly in line with the increase in revenues
 - Profit after Tax doubled to £87,713 when compared to 2016/17

- 4.3 In terms of the range of work being carried out by the JV here is a summary for the Committee to note / comment upon as appropriate:-

Operational Estate Management Services

Operational Estate Management Services has further strengthened its core team with a Building Services Manager but has lost one of the Strategic Asset Managers. The current focus has been to reduce the rental arrears with some notable success of closing out in excess of £250K of outstanding arrears.

Asset Review and Rationalisation (including disposals / acquisitions)

Disposals have been the primary focus of the team. A fortnightly report is issued to the PCC Head of Property. The 2017/18 end of year Disposals Income was £13,073,700, an increase of £9,473,700 on 2016/17. Focus now turns to the 18/19 priority list.

Landlord & Tenant / Rent Reviews

Work has progressed well and the addition of a further Estates Surveyor has increased capacity. NPS Peterborough have strengthened our knowledge in service charges and Property Insurance knowledge.

Investment and Commercial Portfolio Management

Opportunities to review and maximise commercial and investment income remain a key priority. In support of acquisitions, the JV supported the completed purchase of the Peterborough Registry Office and will continue to support the PCC Acquisition Strategy in 2018/19

Rural Estate Management

The Rural Estate Manager continues to deliver the new rural action plan and is having some notable successes with existing tenants.

Valuations and Rating

The annual round of valuations was completed on time and fed into the year-end valuation figures The programme completed in line with the PCC Finance / Audit team requirements, which were earlier than in previous years.

Premises Management/Contract Management of Building Maintenance Services

A Building Services Manager has been appointed on a 12 month fixed term contract to assist with the move to Sand Martin House.

Education Estate Management and Development

Support continues to be successfully provided to the PCC People and Communities Schools Capital / Infrastructure Team in terms of advice and guidance in relation to school development schemes, identification of potential sites for educational facilities (including Special Schools and expansion schemes at both secondary and primary schools). A very good working relationship continues with the PCC Schools Infrastructure Team and the schools capital programme project management and PFI contract specialist support are all being delivered in line with the client team requirements.

Community Asset Transfers (CAT)

The approach to CAT transfers was submitted to scrutiny and a new client side structure has been put into place, led by Sarah Ferguson and Cate Harding. At the Year End, 2 had completed. Subsequently a further 3 have completed; 11 are currently with legal and 10 are in advanced negotiation.

2018 Focus

The JV will be looking to strengthen its scope of services. It is also seeking to grow its external market presence, capitalising on relationships it is building with South Kesteven District Council and Cambridgeshire County Council.

4.4 Strategic Asset Management (SAM) and Projects

The current focus is on delivering Town Hall renovations and Sand Martin House

Capital investment and development schemes

In addition to Sand Martin House, the JV team and wider NPS Group are providing support and other preparatory activities as the Council progresses its acquisitions strategy

Annual Workbook Consultancy Services

The JV is also facilitating work across Communities, Leisure and Energy clients within PCC. There are currently in excess of 40 other non-core Workbook projects at various stages of delivery and include greater liaison with local services and suppliers. Projects include the build elements of SMH and conversion of Town Hall South for DWP.

Statutory Inspection and Testing (STIM)

NPSP continue to monitor and receive data in respect of the STIM programme implemented by AMEY. Pending the final location compliance services there will be a full review of the efficacy of the current STIM programme (together with condition survey programme and ACM Management survey programme) and specifically the identification of primary engineering assets and an improved process for the collection, storage and interrogation of data through the Tech Forge system with PCC investment.

5. CONSULTATION

- 5.1 The Acting Corporate Director of Resources, as contract owners continues to engage with stakeholders in relation to the services being provided.

6. ANTICIPATED OUTCOMES OR IMPACT

- 6.1 The expected outcomes and associated service impacts are set out in the report.

7. REASON FOR THE RECOMMENDATION

- 7.1 Service delivery of major partnership contracts should be reviewed annually and outcomes of these reviews should be used to improve service provision.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 This report sets out performance of an operational contract. Alternative options would be considered if service delivery is not being delivered, shown via budget spend and Performance

Indicator delivery.

9. IMPLICATIONS

Financial Implications

9.1 Full financial implications for the year are set out in Appendix A

Legal Implications

9.2 This report gives a review of the delivery of the NPS Peterborough Joint Venture through the 2017/18 financial year. Delivery has been governed throughout the year by the agreed contracts and appropriate Change Control arrangements.

Equalities Implications

9.3 This contract delivers to a range of PCC Stakeholders.

Rural Implications

9.4 A significant portion of this JV is the management of the Council's Farms portfolio.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1988

10.1 NPS Peterborough JV Arrangements

11. APPENDICES

11.1 Appendix A - NPS Peterborough Limited - Annual Report and Financial Statements for the Year Ended 31 March 2018