

SHAREHOLDER CABINET SUB-COMMITTEE	AGENDA ITEM No. 4
16 SEPTEMBER 2019	PUBLIC REPORT

Report of:	Pete Carpenter, Acting Corporate Director of Resources	
Cabinet Member(s) responsible:	Cabinet Member for Strategic Planning and Commercial Strategy and Investments	
Contact Officer(s):	Pete Carpenter, Acting Corporate Director of Resources	Tel. 01733 384564

NPS PETERBOROUGH LIMITED 2018-19

R E C O M M E N D A T I O N S	
FROM: Pete Carpenter, Acting Corporate Director of Resources	Deadline date: N/A
It is recommended that the Shareholder Cabinet Sub-Committee note the contents of this report.	

1. ORIGIN OF REPORT

- 1.1 This report has been requested by the Shareholder Cabinet Sub-Committee and 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 2018/19.
- 2.2 This report is for the Shareholder Cabinet-Sub Committee to consider under its terms of reference 3.3.2. 'Functions of the Shareholder Cabinet Sub-Committee' (a), *"To monitor performance and financial delivery of the companies, partnerships and charities set out above in line with Cabinet approved business plans by means of monthly performance monitoring and scrutiny."*
- 2.3 NPS Peterborough continues to contribute to all of the Council's priorities.

3. TIMESCALES

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 (JV) started in July 2016. There are 5 Directors, who are named 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 buildings with a Net Book Value of £346,898,000 excluding academy schools.

These include:

Operational Properties – 11 Offices buildings occupied by PCC staff
Farms – 21 tenants covering 2923 acres
Commercial / Retail - includes 134 units
Delivered Total Rental Income - £3,824,0291

Disposals Income achieved £7,918,000 against a target of £2,922,000.

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 2017/18.
- Costs increased roughly in line with the increase in revenues.
- Volume Discount to PCC for 2018/19 is £121,300* an increase of £33,587 when compared to 2017/18 (*subject to audit).

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 £260K of outstanding arrears.

Asset Review and Rationalisation (including disposals / acquisitions)

Disposals were a key primary focus of the team. A fortnightly report is issued to the PCC Head of Property. The 2018/19 end of year Disposals Income was £7,918,500 against a target of £2,922,000. There is no disposals target in 2019/20 FY.

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 Strategic Asset Management and CPOs.

Investment and Commercial Portfolio Management

Opportunities to review and maximise commercial and investment income remain a key priority. The JV is actively supporting the City Centre Development Framework; seeking investment opportunities and exploring opportunities to maximise office to residential conversions to alleviate the housing shortfall.

Rural Estate Management

The Rural Estate Manager continues to deliver the new rural action plan and is having some notable successes with existing tenants. 2 new grain stores have been delivered.

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 successfully supported the occupation of SMH and Town Hall South (DWP). Soft FM contracts being managed by the JV on behalf of PCC account for £650K of spend.

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, 6 had completed. 12 are currently with legal for completion.

Housing

The JV continues to support PCC, acting as corporate landlord for the 50 Homes and Syrian Refugee projects. The JV compile and manage the property and compliance related data; source new properties for the scheme; undertake housing condition surveys to Decent Homes standards, and manage the contract for the Lead Agents (Bee Lettings) on behalf of PCC.

2019/20 Focus

The JV will be looking to strengthen its scope of services, especially in the housing and strategic growth and development of the City. It is also seeking to grow its external market presence, capitalising on relationships it is building with South Kesteven District Council, South Holland District Council, Lincolnshire County Council, Melton Mowbray District Council and Cambridgeshire County Council.

Strategic Asset Management (SAM) and Projects

The current focus is on delivering Town Hall North renovations and supporting the occupation of 2nd floor of Sand Martin House by CITB.

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 and investments approach.

Annual Workbook Consultancy Services

The JV also facilitates work across People and Communities, and Leisure projects within PCC, providing design, surveying and other professional services as required either through the NPS Group or through relationships with local providers.

Statutory Inspection and Testing (STIM)

NPSP continue to monitor and receive data in respect of the STIM programme implemented by Aragon Direct Services and weekly meetings are held with PCC's Head of Property to monitor and plan Capital Programme spend.

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 2018/19 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 Peterborough City Council 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 Joint Venture Arrangements

11. APPENDICES

11.1 Appendix A - NPS Peterborough Limited - Annual Report and Financial Statements for the Year Ended 31 March 2019