



CORPORATE PROPERTY POLICY & STRATEGY

1 Purpose of this Corporate Property Policy & Strategy

This Property Strategy provides for the first time a 'whole-of-Council' framework for the management of property assets and sets out a framework and guiding principles for the alignment of the Council's property portfolio with its service delivery objectives.

The Property Strategy:

- Is forward looking
- Develops a coordinated strategic response to the use of Council owned and controlled property
- Helps in the assessment of how property can meet the existing and emerging community needs and in its contribution to achieving Council's four pillars of sustainability.

1.1 Relationship to other policies

Council's overarching goals are the four pillars of sustainability – social equity, cultural vitality, economic viability and environmental responsibility.

Other corporate documents set out frameworks for managing aspects of council's assets and spaces. For instance, the *Open Space Strategy* is a framework setting out principles for supplying and managing open space for the city.

Council's *Physical Asset Management policy* describes council's stewardship role for physical assets. It sets a broad framework for the City of Port Phillip to manage its assets in line with Council's four pillars of sustainability and in accordance with Best Value principles.

This *Corporate Property Strategy* sits alongside those other organisational strategies. The purpose of this strategy is to establish a consistent approach to property management based on a clear understanding of the requirements of the Council and the services it delivers combined with best practice in property management.

1.2 Outline of this policy & strategy

The Property Strategy sets out the guiding principles by focusing on service delivery and the properties used to deliver these services. This holistic approach to property management supports the delivery of best value services and the well-being of the residents, and those who work in the City of Port Phillip. It aligns with and is responsive to the Council's role vision and values as described in the Appendix.

The Property Strategy provides an integrated framework for all elements of property ownership:

- Buying property – identifying what property is needed so that the right purchase decisions are made at the right time, and so that the necessary resources (including lifecycle costs) can be planned in advance

- Identifying non-ownership alternatives to property solutions
- Owning property – knowing what property is owned and why it is owned
- Managing property – knowing that the property owned is fulfilling its purpose
- Investing in property – capturing the benefits of growth for the community
- Releasing property – making informed choices about when and why to dispose of property that has no further purpose in Council ownership.

The scale of investment exposes the Council to a range of risks. The approach set out in the Property Strategy will enable the Council to manage these risks, and obtain better value for money in the delivery of services to the community. The benefits of this strategic approach are:

1.3 Appropriateness

- a. Align assets with services and community expectations.
- b. Promote sustainable development objectives.
- c. Effectively allocate resources available to the Council across departments maximising outcomes and minimising duplication.

1.4 Effectiveness:

- a. Minimises demand for new assets.
- b. All associated costs are considered and optimised over the life cycle of assets.
- c. All associated costs are considered and optimised over the life cycle of assets.
- d. Existing assets are maintained and used more effectively (timely maintenance is cheaper than repairs or new asset acquisitions).
- e. Realises opportunities to use partner agencies and private sector assets for public purposes.
- f. Realises opportunities for the public sector to partner with the private sector.

1.5 Efficiency:

- a. Demonstrates to the community and the government that services are being delivered effectively.
- b. Achieves improved accountability for use of resources through published performance measures.
- c. Provides a basis for the Council to evaluate and balance the trade-off between service, price and quality.
- d. Provides benchmarks which can be used to evaluate outcomes and plan future investments.

The Property Strategy is intended to inform elected members and officers of the Council and external parties with whom the Council may work in respect of the use of its assets in facilitating the delivery of its service objectives.

In developing the Strategy, existing governance arrangements including the legislative framework governing the use and management of property as well as disparate property

strategies of the Council have been consolidated, reviewed and where appropriate streamlined to clarify and strengthen existing arrangements.

2 Legislative and Policy Framework

The framework governing property management practice in the City of Port Phillip consists of:

- Acts of Parliament;
- Regulations made under Acts of Parliament;
- Council's Policy Framework.

Council's property activities will be managed within legislative parameters including those enacted in the following:

- Local Government Act 1989
- Crown Land (Reserves) Act 1978
- Land Act 1958
- Retail Leases Act 2003

This strategy also sits alongside other policy and strategy documents such as the Physical Assets Management Plan.

The Property Strategy has integral links with Council's Community Plan, Council Plan and Strategic Resource Plan.

3 Corporate Property Policy

3.1 What is property?

Property is a type of asset which has value both in an accounting sense and in how it contributes to service delivery.

For something to be categorised as a property asset it must have a value. This does not necessarily imply dollars and cents: however the "value" of a property asset is measured in monetary terms so it is able to be recognised in financial statements.

Property Assets have service potential. In the public sector it is perhaps often more important to appreciate the non-monetary aspects of a property's value. The term "service potential" is used to describe the utility of a property asset in meeting service delivery objectives and is a useful concept to employ where a property asset does not generate income. It is also referred to as the expected "future benefit" to be derived.

Assets take a variety of forms. This Strategy deals with property assets that are physical in nature.

Property in the context of this Strategy is used to describe any kind of interest in land, which the Council either holds or has granted. It includes all buildings or rooms within buildings, rights of way, leases, tenancies, licences, easements, rent charges, ground rents – in fact every possible interest in land imaginable.

3.2 Why does Council Hold and Manage Property?

Council holds property to support the effective delivery of the broad range of services it provides for the people who live, work in and visit the City of Port Phillip.

Some of the services Council has responsibility for include the maintenance and upgrade of drains, roads, kerbing, nature strips, footpaths and garbage collection as well as libraries and art spaces, child care centres, cleaning of parks and beaches, installation of street lighting and furniture and planting and watering of trees.

Property assets are used and deployed in many different ways in order that the Council can provide these services. At the most fundamental level, and for the purpose of defining policy, property assets may be held for operational and non-operational reasons.

The operational reasons for holding property have been divided into three (3) sub-categories:

3.2.1 Operational Property

- (a) *Direct Community Service*
First and foremost the Council uses and occupies property in order to provide direct services to the community, such as libraries, elderly person's homes, child care centres, youth clubs, parks and open spaces, leisure facilities and depots etc.
- (b) *Service Support*
Council occupies property in order to house office and administrative functions, which support direct service provision. This includes support service staff within operational directorates, as well as groups of staff offering support services to operational directorates.
- (c) *Indirect Community Service*
The Council also makes properties available, often on preferential lease terms, to outside organisations so that they can provide services to the community, which support the Council in the exercise of its powers and duties. These include services such as charities, voluntary support groups, community organisations and registered social landlords. By making properties available to others on preferential terms, the value of the concession given can often be used to generate or to lever funding from external sources. In certain cases funding can be generated which could exceed the property value.

3.2.2 Non-Operational Property

In addition to land held for operational purposes, the Council holds land for certain non-operational purposes, primarily for income generation. The non-operational properties have been divided into three (3) sub-categories, for the purposes of defining policies. These three sub-categories are:

- (a) *Commercial*
The Council has a general power to hold land for the benefit of its area and it is in pursuance of that power that the Council owns and manages a range of commercial properties. Through ownership the Council can not only control the balance of property uses but it can also influence how the commercial vitality and viability of the municipality grows and develops. In addition, the rental income and capital generation go a long way to supporting the various services and facilities the Council provides.
- (b) *Development*
The Council is as concerned with the future as it is with the past. For this reason the Council holds areas of land for future regeneration. In this way the Council can use its land ownership to control or influence the way areas are improved or

developed. Many of the areas of land that fall into this category have not yet been identified with any particular development or regeneration scheme or project, but are strategically placed. Land held for an identified development, which is intended to be in support of one of the other five uses listed above, would fall into that respective category.

(c) *Surplus/vacant*

From time to time, a performance review of a property will conclude that the property does not currently meet community needs, that is, it does not fit in any of the above five categories. If its use cannot be adjusted or the property developed to fit into one of those categories, then the Council may choose to declare the asset surplus to requirements. These may be surplus to operational requirements, or may have become surplus to the non-operational commercial or development requirements. At the same time, property which is held for non-operational purposes, may occasionally fall vacant (e.g. between tenant occupiers).

4 Corporate Property Strategy

4.1 Vision

The Council's vision for its property over the next 10 years is to have a well-managed property portfolio which:

- (a) Meets current and future community and service needs and enables the delivery of good services
- (b) Is in good condition with no maintenance backlog and meets all legislative requirements
- (c) Enhances the physical environment of the city, helps conserve special places and provides leisure and cultural opportunities for citizens
- (d) Is environmentally sustainable
- (e) Has its performance regularly reviewed using agreed criteria, based on a four pillared approach relevant to local government and specifically Port Phillip
- (f) Uses capital for property assets which are held for a firm future purpose and which meet community needs
- (g) Maximises the potential for Council to influence the cultural look and feel of neighbourhoods, either through strategic purchasing, development or other land use decisions
- (h) Provides working conditions that encourage the best performance from staff
- (i) Takes up opportunities for co-location and partnerships, where this results in community benefit
- (j) Provides best value for money, maximising community benefit and minimising costs
- (k) Is rationalised where appropriate in order to realise policy objectives, so that capital can be reinvested in the portfolio to better meet community needs

- (l) Allocates investment in future property according to a robust corporate prioritisation framework.

4.2 Strategic Property Objectives

The key objectives of the Corporate Property Strategy therefore are to enable the Council to meet its service delivery objectives effectively, efficiently and economically and to provide a foundation for the wellbeing of those who live and work in the City of Port Phillip through:

Objective 1: Providing the services required by residents

By focusing on outputs and outcomes

By ensuring assets are appropriately used and maintained

By applying best practice asset management principles

Objective 2: Optimising the service potential of assets

Through improved management of the existing asset base

Through improved flexibility of the asset base

By using economies of scale for more cost effective service delivery

Objective 3 - Maximising value for money

By taking account of the full costs of acquiring, holding, using and disposing of assets throughout their life cycles

Through appropriate partnerships with the private sector/partner agencies

Objective 4 - Contributing to economic growth

Through meeting service delivery demands by providing the right assets in the right location in the right amounts

To encourage asset improvements that will improve the wellbeing of the residents of the municipality

Objective 5 - Assigning responsibility and accountability

By clearly defining ownership and control of assets

By determining and communicating accountability and reporting responsibilities throughout each step of the integrated approach to asset management

Objective 6 - Promoting balance between development and sustainability

By minimising demand of new assets through the use of non-asset service delivery alternatives where appropriate

By making asset decisions that consider and protect the needs of future generations

Objective 7 – Using Council property to influence private development

New and renewed assets should be good examples of built form and environmentally sustainable architecture

Council should use its property asset base where possible to leverage desired land use and optimum built form by private development

Objective 8 – Using Council property to influence cultural vitality

By using strategic purchasing to deliver desired social cultural or environmental outcomes

Using existing owned or controlled land to deliver specific social cultural or environmental outcomes

4.3 Key Outcomes

Council aims to achieve the following outcomes through the Property Strategy:

4.3.1 Tangible community benefits

- (a) Services and assets that meet current and future community needs
- (b) Innovative ways of providing services and sharpen the focus on property as a means of getting services to users as opposed to ownership being an end in itself
- (c) Modernisation of service delivery
- (d) A network of popular and viable community centres
- (e) A sustainable built environment that accommodates a growing population
- (f) Places and spaces and support for the well being of the community
- (g) Well-used community and civic facilities

4.3.2 Getting the best from valuable property resources

- (a) Raise the profile of property management and introduce property into resource decisions at all levels of the organisation
- (b) Effective stewardship of Council's property assets
- (c) Best Practice in property management
- (d) Review holdings and challenge the need to retain property
- (e) Financial strength and asset growth

4.4 Property Strategies

In order to achieve the Strategic Property Objectives, Council's Corporate Property Strategy is to:

Strategy 1 - Hold, plan and strategically manage all property assets corporately

Strategy 2 – Strengthen the function of Corporate Property Services in the day-to-day management of property

Strategy 3 – Support Best Practice Property Management Procedures

Strategy 4 – Promote accountability for use of property resources

Strategy 5 – Continually review the property portfolio to determine performance, utilisation, need and provision

Strategy 6 – Measure the performance of operational property to identify under performing assets and to inform and ensure objective decision making

Strategy 7 – Continue to resource and improve the accessibility and sustainability of all Council properties

Strategy 8 – Explore innovative ways of providing services incorporating both property as well as non-property based solutions

Strategy 9 – Collectively and corporately maintain adequate property data to enable efficient asset management and planning

Strategy 10 – Align assets with service and community expectations

Strategy 11 – Invest in property that will deliver economic, social, cultural and or environmental outcomes

Strategy 12 – Promote sustainable development objectives

Strategy 13 – Following completion of a property performance review, refer poor performing properties to Council for consideration of options.

4.5 Critical Success Factors

There are three factors which are critical to the success of this strategic approach to property:

- (a) Council's property portfolio is regularly reviewed using evaluation criteria which reflect community needs
- (b) Property Management supports service provision and service units contribute to strategic property planning
- (c) Councillors and staff are well informed when making decisions related to property.

4.6 Implementation Framework

Council has developed supporting guidance material to ensure that each part of the Property Strategy is properly implemented to achieve the objectives articulated.

The implementation components have been separated into the following five (5) groups:

(a) Corporate Land Policy

Describes the purpose and fundamental headline principles and policies of effective property management in the Council, and provides the strategic and legislative framework through which these can be effectively implemented.

(b) Organisational Arrangements, Roles and Responsibilities

Outlines the functions and responsibilities required for the support of property management.

(c) Procedures and Guidelines

Sets out practices for property management and provides assistance for managers involved in asset management to interpret policy requirements in the light of their particular situation.

(d) Performance Measures Manual

Monitoring required for assessing and controlling asset performance in terms of outputs and inputs.

(e) Implementation Plan

Implementation Plan setting out specific actions, resources, budgets and timelines relevant to delivering this Strategy.

APPENDIX

Council's Role

Council is the closest tier of government to the community and plays a key role in people's everyday lives. It provides services and infrastructure to allow residents and businesses to prosper. It is responsible for making and enforcing local laws and collecting revenue to fund activities. It is responsible for planning and delivering a wide range of services affecting residents, businesses, neighbourhoods and the local community.

Our Mission

“To make the community a better place”

To build a sustainable and inclusive city that is focussed on the future and provides excellent service – we see a future where the city is popular, prosperous and people enjoy a good quality of life and the city is improved through the provision of excellent services and information.”

Our Vision

“To be the best place in the best city for all”

Council's vision for the City of Port Phillip is of a city where diversity and harmony are sustained and encouraged - a place where all members of our community feel connected through a sense of belonging and pride in our city. There is a shared responsibility to ensure all people, regardless of age or of cultural and socio-economic background enjoy the benefits of our city and participate in all it has to offer.

We envisage a city where the environment is valued and protected; where our air and water are clean, and our parks and gardens are well maintained for the enjoyment of all. Our foreshore is protected and enhanced and provides a sanctuary for citizens and wildlife alike. We take pride in the responsibility we have for our environment and shall be seen as leaders in the field of environmental management.

Our city will be one in which the needs of residents, businesses and visitors are met through responsible planning and innovative development that is responsive to our unique heritage and identity. Inappropriate and poorly located high-rise development is restricted and a balance is maintained between everyone's needs.

Traffic and transport in our city shall be effectively managed to improve traffic flow and the benefits to public transport users, pedestrians and cyclists. Parking facilities are balanced to reduce traffic congestion and optimise public transport links whilst encouraging environmentally sustainable modes of travel.

We value a city, which has dynamic neighbourhoods with distinct character and unique identities; a city within which we can move freely and safely. We see our local council as a leader in its field, particularly in the areas of community consultation and communication, strategic planning, financial management and implementing the community's wishes.

We envisage that our city's services match the people's needs, are innovative, responsive and continually improving. Our services are wide ranging and address the needs of our community on a physical, human and cultural level. Our vision is of a city where the council services provide support to the four key pillars of our community - environmental responsibility, economic viability, cultural vitality and social equity – to create a sustainable and harmonious future.

Our Values

This Property Strategy is built upon the achievement of four fundamental goals. We refer to them as the pillars upon which our success depends:

Social equity: building a just, resilient, healthy and inclusive city with equitable access to responsive and relevant services and resources.

Economic viability: promoting effective stewardship of the council's assets and positive economic development within Port Phillip that also supports the council's social, cultural and environmental goals.

Environmental responsibility: fostering a liveable and attractive urban environment that uses fewer finite resources.

Cultural vitality: fostering conditions that allow communities within Port Phillip to express, experience and enjoy a diversity of values, beliefs and aspirations.