

STRATEGY AND POLICY REVIEW COMMITTEE
4 FEBRUARY 2008 **POLICY AND PLANNING**

A3 **CITY OF PORT PHILLIP PROPERTY STRATEGY**

LOCATION/ADDRESS:

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ATTACHMENTS: **CITY OF PORT PHILLIP CORPORATE PROPERTY STRATEGY**

1. EXECUTIVE SUMMARY

- 1.1. A property strategy has been developed in response to the Council Plan. Specifically it responds to initiative 6.35 which addresses key strategic objective 6 "Effective Service and Council stewardship". The property strategy is designed to provide a coordinated and strategic approach to the management and development of the property portfolio.
- 1.2. Council, as a steward for a substantial property portfolio, which it manages on behalf of the community, has a responsibility to manage the portfolio well. The property strategy elucidates a strategic intent and defines clear and specific objectives and strategies. By doing so, it establishes a policy framework for property management, now and into the future.
- 1.3. The property strategy is the first part of a large and important piece of work that, when implemented, could well be regarded as "best practice" in municipal circles.

2. BACKGROUND AND CONTEXT

- 2.1. The development and implementation of a property strategy is a key initiative contained within the Council Plan. The aim of the strategy is to establish a coordinated and strategic approach to property management across the organisation.
- 2.2. The Council Plan initiative is a result of the identification of an area which has potential for service improvement. There were concerns with the way property was managed within Council including the following;
 - 2.2.1. There was no stated vision or strategic intent for property management.
 - 2.2.2. Property matters were being decided on a case by case basis.
 - 2.2.3. There are gaps in property roles and responsibilities.
 - 2.2.4. There was no universal and ready access to some property information.
 - 2.2.5. Formal assessment of property performance could be improved.

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- 2.3. Information has been gathered from across the organisation and Council staff at various levels have been consulted. A steering group comprising senior officers have worked together, assisted by an external consultant, to produce the strategy.
- 2.4. The steering committee sought to answer the following questions;
 - 2.4.1. Why is Council in the business of property management?
 - 2.4.2. What benefit do we want the property portfolio to deliver to the community?
 - 2.4.3. How do we best develop and manage the portfolio over time to maximize the community benefit?
- 2.5. The property strategy is the first part of a larger body of work. It addresses the questions above at a high level. It sets the context for policy development, and then states the vision, objectives, desired outcomes and specific strategies designed to achieve them.
- 2.6. The property strategy will be complemented with documents which address the more detailed issues around implementation. An implementation framework is being finalised to guide the organization through the many operational changes which need to be made to deliver the strategy. The framework includes:
 - 2.6.1. Principles and policies for effective property management.
 - 2.6.2. Organisational arrangements to support effective property management.
 - 2.6.3. Procedures and guidelines for property managers.
 - 2.6.4. Performance measures to be used in assessing property performance.
 - 2.6.5. An appraisal of the current property portfolio.

3. RECOMMENDED OPTION

3.1. Criterion for recommendation

A property strategy must pass the first test – to sit comfortably within the legislative framework, Council's existing policy framework and complement Council's other strategies and plans. Secondly, it must contribute toward the achievement of Council's four fundamental goals – Social Equity, Economic Viability, Environmental Responsibility and Cultural Vitality. Lastly, a property strategy must support Council's core principles of service and sustainability.

3.2. Sustainability assessment

The property strategy, as a policy framework document, contains stated objectives, desired outcomes and strategies that contribute to sustainability rather than direct actions. The following assessment demonstrates that the property strategy can have a positive impact toward the achievement of Council's goals.

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| Social Pillar | <p>A key theme of the property strategy is that Council holds property mainly to support service provision.</p> <p>Therefore property is to be planned and managed to meet current and future community needs.</p> <p>Furthermore, the strategy promotes the modernisation and optimisation of the service potential of property assets to increase access to services and use of vibrant community centres and civic facilities.</p> |
| Economic Pillar | <p>The property strategy promotes effective stewardship of Council's assets by defining strategies for best practice in property management which incorporates strategic and operational management practices.</p> <p>It contributes to positive economic growth through meeting service delivery needs by providing the right assets at the right time in the right amounts.</p> <p>It advocates innovation through the consideration of non-asset solutions and public/private partnerships. It supports the concept of value for money by regular and responsible assessment of property performance.</p> <p>The objectives and strategies that support the economic pillar also support Council's social cultural and environmental goals.</p> |
| Environmental Pillar | <p>The property strategy encourages Council to use its land holdings to positively influence land use and built form in private development where possible.</p> <p>It also advocates that Council continues to provide good examples of built form and environmentally sustainable architecture in its new and renewed property assets.</p> |

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| Cultural Pillar | The property strategy promotes the alignment of property assets with community demand for services. It promotes the modernisation and optimisation of the service potential of property assets to increase access to services and use of vibrant community centres and civic facilities. |
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3.3. Policy and legislative implications

The framework governing property management practice in Port Phillip consists of the following;

- Acts of Parliament
- Regulations made under Acts of Parliament
- Council Policy

Council's property activities are managed within the legislative parameters which include the following;

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

Development and implementation of a property strategy is a stated initiative in the Council Plan.

The property strategy has integral links with Council's Community Plan, Council Plan and Strategic Resource Plan.

3.4. Risk implications

There are no risk implications with strategic planning. Risk is associated with not planning.

The property strategy promotes best practice in property management which will address risk in many ways.

3.5. Resource implications

The property strategy will be implemented by the Property Coordinator, and a property officer. The resources in the Property Unit were increased from 1 full time equivalent (FTE) staff member, to two fte's in this years budget in preparation for the greater work demands of a more coordinated and centralised approach to property services.

In addition, the laneways officer, currently in the assets area, will be transferred across into the property unit and will provide a broader range of property services.

The Property Unit will be supported by a whole of organisation 'property board', which will be chaired by the Executive Director of Organisation Systems and Support. The 'Board' will have the role of ensuring all organisational stakeholders are involved in over sighting the implementation of the policy in the first instance, and in a coordinated approach to property management and the provision of expert, holistic advice to Council.

There are no additional resourcing implications.

4. ALTERNATIVE OPTIONS

- 4.1. Council does have the option to not endorse the strategy. This would result in no change to the current arrangements. The problem with this option is that in the absence of an agreed purpose for the role of property owner, it is difficult to ensure that Council is maximizing both the community benefit, and also the economic return, of its significant property portfolio. It is also difficult to ensure that when faced with difficult property problems, Council is in receipt of all the advice it needs in order to make the best decision. This option is therefore not recommended.

5. PARTICIPATION AND ENGAGEMENT

5.1. Internal

- 5.1.1. A property Steering Group was formed to agree the brief, i.e. 'What problem are we trying to fix'? And to oversight the development of the strategy. The people who have participated on the Property Steering Group are:

- Sally Calder, Executive Director, Organisation Systems and Support – Chair
- David Graffen - Property Coordinator
- Lexie Bown – Executive Support
- David Filmalter – Manager, Finance and Investments
- Cathy Henderson - Manager, Governance and Stakeholder Relations
- Murray Chick – Coordinator, Governance
- Ian Hicks – Manager, Culture and Recreation
- Carol Mayell – Manager, Community Development
- Kathy Dillon - Manager, Buildings and Green Spaces

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- Richard Schuster – Acting manager, City Development
- Edmund Kennedy - Information Services Business Analyst

5.1.2. Specific staff were consulted in relation to systems issues. These staff were David Elson, Robert Buehl, Julie Perez, Ellen Lee, and Tina Masterson.

5.1.3. Other staff consulted in relation to their role as wither property or tenant relationship managers, included, Fiona Blair, Coordinator Youth and recreation, Helene Agius, Community Development Sport, Recreational and Leisure Officer, Toulou Kotsaboyuikis, Technical Liaison Officer, Natalie Gnanakone, Coordinator, Social Planning and Policy, Sophie Andrikopoulos, Foreshore Events Adviser, Deidre Pellizzer, Coordinator Arts and Festivals, Martin, Verschuur, South Melbourne Market manager, Paul Smith, Manager Environment and Renewal, Jane Birmingham, Coordinator Statutory Planning, Katrina Terjung, Coordinator Strategic Planning, Anne Crimean, Open Space Coordinator, Jo Smale, Coordinator Children and Family Services and Anna Moo, Coordinator Aging, Diversity, Partnerships, and Policy.

5.1.4. In summary, all staff consulted identified the urgent need to develop a coordinated and more centralised approach to reduce duplication and gaps in service provision and management responsibilities related to property; reduce inconsistencies in our approach to property and tenant management; poor role and responsibility definition and difficulty in accessing appropriate information with which to make property related decisions.

5.1.5. The strategy has been supported and recommended on behalf of the Steering Committee.

5.2. External

5.2.1. Macroplan Australia was engaged as consultants to assist with the development of the strategy. They were the successful tenderers in a public process which. The evaluation panel for this process comprised of Sally Calder, Kathy Dillon and David Graffen.

5.2.2. In addition key systems staff visited Greater Geelong City Council to view a property systems solution which has been developed. These staff were Edmund Kennedy, Kathy Dillon, David Graffen and Tina Masterson, Julie Perez and Ellen Lee.

The existing suppliers of the Hansen and Pathway system, were also consulted and have advised that the alterations that are required to enable these systems to integrate and provide more accessible and user friendly property information to the whole organization, are possible.

6. IMPLEMENTATION

6.1. The property strategy provides a policy framework which gives guidance to Council, and Council staff, on how to manage and develop the property strategy in a transparent, efficient, and collaborative manner, which will ensure that Council:

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- 6.1.1 Meets all its legislative and statutory obligations as a landowner
 - 6.1.2 Is consistent with its own strategic direction on all land and property related decisions.
 - 6.1.3 Maximizes the potential benefits to the community as a result of owning property,
 - 6.1.4 Maximizes the economic return on its investment in property.
- 6.2 The strategy is supported by a detailed implementation framework which contains the following documents:
- 6.1.1. Principles and policies for effective property management.
 - 6.1.2. Organisational arrangements to support effective property management.
 - 6.1.3. Procedures and guidelines for property managers.
 - 6.1.4. Performance measures to be used in assessing property performance.
 - 6.1.5. An appraisal of the current property portfolio.

- 6.3 The implementation of the strategy will be the key responsibility of the Property Unit, who will be supported the 'property board'. This will be a major whole of organisation effort, and it is envisaged that it will take at least 12 months.
- 6.4 The property board, through the Chair, the Executive Director of Organisation Systems and Support will provide an annual report to Council, on both the implementation of the strategy, but also, on the performance of the property portfolio.

7. COMMUNICATION

- 7.1. Council has a significant property portfolio that is integral to service provision.
- 7.2. Work has been undertaken to improve the effectiveness of Councils property management and stewardship responsibilities.
- 7.3. Council will benefit by developing a policy framework which encourages a strategic approach to property management.

8. RECOMMENDATION

That the Strategy and Policy Review Committee recommend to Council that:

8.1. That the Council endorses the property strategy, and notes that the strategy has been developed to provide a coordinated and strategic approach to the management and development of Council's significant property portfolio.

8.2. That the Council endorses the property vision, which is contained within the strategy, which is:

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

- meets current and future service needs and enables the delivery of good services
- is in good condition with no maintenance backlog and meets all legislative requirements
- enhances the physical environment of the city helps conserve special places and provides leisure and cultural opportunities for citizens
- is environmentally sustainable
- has its performance regularly reviewed using agreed criteria that is based on a four pillared approach relevant to local government and specifically port phillip.
- facilitates economic and physical regeneration but without sterilising capital tied up in assets which are being held without a firm future purpose
- maximises the potential for council to influence the cultural look and feel of neighbourhoods, either through strategic purchasing, development or other land use decisions
- provides working conditions that encourage the best performance from staff
- capitalises on co-location opportunities within the council and exploits the synergies of partnerships, especially where this promotes neighbourhood improvement
- provides best value for money and minimises costs
- is rationalised wherever possible, releasing capital which may be reinvested in the portfolio where appropriate
- allocates investment in future property according to a robust corporate prioritisation framework.

8.3. That Council notes that a detailed implementation framework is being finalised, which will guide the organisation through the policies and procedures that will need to be adopted in order to achieve the strategy, and

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notes that a briefing on the organisation's response to the implementation framework will be conducted with Councilors in March 2008.

- 8.4. That the Executive Director, Organisation Systems and Support, provides and annual property report to the Council, to report on the performance of the property portfolio, against a range of social, cultural, environmental and economic indicators.
- 8.5. That the Property Strategy lays on the table for an additional cycle to enable further conversation with Council about the implementation process.