



# ASSET



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Kevin Lavery joined Cornwall County Council in early November 2008, having been appointed to steer the transition to the new unitary council for Cornwall which came into being on 1 April 2009.

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His early career was with Bexley, Kent and Westminster Councils and with Price Waterhouse. In 1997 he was appointed Chief Executive of the City of Newcastle upon Tyne leaving in 2001 to be the founder Chief Executive of Agilisys, the e government company. This was followed by spells as a senior director at three large outsourcing companies - Enterprise, BT and Serco.

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## WHAT A LOCAL AUTHORITY WANTS FROM ITS PROPERTY ASSETS

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# BIG CORNWALL

We have a positive future vision for our area. It is Big Cornwall taken, of course, from "Big Society". We are lucky in Cornwall to have

- A strong financial position
- Good levels of reserves
- Low capital borrowing
- We have barely scratched the surface of what is possible in terms of improving efficiency and
- We are lucky because we have got 7 organisations coming together into one and there are lots of synergies from that.

## Message Number 1

We believe we can deliver 30% efficiency dividends. I can illustrate this with two examples.

The first is a property one. In our new organisation we have more workspaces than staff. When I say that to public sector colleagues they usually titter, but it is true of most of them too. I have worked in a number of public sector organisations where, when you walk round the office, there are loads of empty desks. In New County Hall alone a survey showed the utilisation level of workspaces was 40%. We have too many buildings, too many workspaces, and old-fashioned ways of working, so there is massive potential to develop modern working and rationalise buildings.

The second example is waste services. We are a new unitary authority and we still have some relics from our district based past. We have 6 separate waste collection contracts with 6 separate and different specifications and 6 different providers. It does not need the Brain of Britain to work out that if you have 1 specification and 1 provider, then very big efficiency gains flow from that.

## Future Investment

We are confident that we can deliver the 30% gain, and more, especially if we join up public service with health, police and other public service bodies. If we can go beyond 30% and effectively create a profit in the revenue account, we can use that to reinvest in Cornwall. If we are able to generate £30 million annual saving to reinvest in Cornwall our dream is to create a £1 billion investment programme for Cornwall, without any red tape, and as we already have substantial investment programmes from Europe, if you put those two together you are talking about a future £2 billion vision. This is four times the size of the regional growth fund the Government just announced for England.

## Double Devolution

We also want to see double devolution in Cornwall. We want to run our own affairs much more and be much less

interference from Whitehall and, equally, where we are not the best organisation to do that, we are happy to pass identified responsibilities down to other local councils, voluntary bodies or community groups to manage it on our behalf. I can illustrate double devolution in Cornwall with a simple example. The Highways Agency runs and maintains the A30 and A38 and our ambition is to take that off their hands, and to put money into upgrades to benefit the broader economy. One of the problems we have at the moment is that the Highways Agency says that it is not their job as they just look after the highway from a transportation perspective. But what we want to do is to improve Cornwall as a whole and make it safer and to consider what role the A30 and the A38 can play. Another of our problems is that although we have many development opportunities in Camborne, Pool and Redruth, all too often development is stopped because of insufficient road capacity. Under the planning arrangements the next development has to pay for the complete upgrade of that part of the highway and of course it does not happen. We believe these should not be the decisions of a national agency. We, Cornwall, should be able to decide what the speed limits are and whether, for example, we lower speed limits to increase road capacity. And if it is necessary to make decisions about the appropriate levels of taxation and betterment that should apply to a particular development, then that should be a local decision and not be a national decision. There is an opportunity to look at the highways as part of our whole place rather than just something for transport.

## Delivering Big Cornwall

To realise the Big Cornwall vision we have to bring about a fundamental change in the culture, approach and mindset of Cornwall Council. We must to move away from thinking of ourselves as a big district council, and think of ourselves as a small regional state government with the job of looking after all the public services in Cornwall. And we must move away too from thinking that we have to deliver all the services ourselves and into being a commissioner and finding the best deliverer for that service. Finally we have got to stop centralising things and start devolving things a lot more.

## Property: a Driver for Change

I hope it is obvious from the first part of this paper that property will be expected to play a major role in achieving our vision for Cornwall. We are already doing some small but significant things and some big things. One of the first things I did when I joined Cornwall Council was to give up my palatial office, as did the leader, and we now sit in modern open plan accommodation. Chief officers, cabinet members and our support staff all work together in open plan accommodation with a significant space saving. It is a small thing, but very powerful symbolically, when we are in a situation where we have more workspaces than staff, to say, "We already do it. We expect you to do it next".

Also we are putting some foundation work here such as preparation for our future plans, ie -

- Metering all our major buildings,

- Preparing a full asset register of what we own
- Developing some major plans to improve our future carbon footprint including renewable energy.
- Setting up a series of one-stop shops in our major towns.

We are well into a series of plans to rationalise some of our bigger office buildings. Currently we are going through a modernisation programme of new County Hall having just done Sedgemoor in St Austell and a large office in the Camborne area. This work, in those 3 buildings, impacts on about 2000 staff.

We have a plan, agreed by the Cabinet in September 2010, to rationalise our office accommodation from 78 to 30 offices. This will produce significant savings. And that is only just the beginning because next we will look at all our operational properties. There are about 4,000 such buildings to deal with so progress to date is only just scratching the surface.

## The Future

We have a very big plan for reducing the Council's carbon footprint, including a bid for a Cornwall-wide electric car scheme, and a proposal going through now for a council owned solar power farm in Newquay. Plans are also being made for five more in Cornwall owned by the Council, and that is in addition to the literally hundreds of enquiries we are getting from developers. Cornwall happens to be the best place for geothermal, the best place for ground source heat, and the best place for wind and for wave power. In fact a major wave farm is now working, finally, off the coast at Carbis Bay.

## The Lessons

Exciting opportunities but there are some issues.

Property cannot act in isolation; it is essential that property continues to be part of the corporate vision. It is vital to join up all of the leaders of change, one of which is the physical asset, but of course culture and technology have to in there too. Our biggest challenge is that we can do all the building things, but can we get people to work in a modern way? That is going to be the biggest challenge.

Public perceptions. One issue that we have had to deal with on a regular basis is the question, "Why are you investing millions in modernising your office stock, when you could be putting that into education or social services?" The answer is, "They are capital investments that produce very big revenue savings that help avoid making cuts in education and social services." This is something that even some councillors find hard to understand let alone the general public. So there is a public perception issue and challenge.

There are issues with local councillors and communities being too parochial. It is absolutely essential to reorganise our office estate in an efficient way, especially with a 30% reduction in government grant due, but local people do try to hang on to their office in their community, even though it is not relevant to the service they receive. The Council has to have a commercial approach. It needs to be hard nosed; what

are the return and pay back periods for investments? We are living in a world where we are going to have a 2 to 4 year financial crisis so I am not interested in plans which have very long pay back periods but only in plans that pay back really quickly. In my opinion you do need a commercial approach to achieve that.

## Summary

1. The future is certainly going to be difficult, and challenging, but also full of opportunities. I would like to leave you with four messages.
2. In these difficult times I think it is important to have a positive approach. In Cornwall we believe we have a clear vision about what we are trying to do.
3. Strong leadership is important.
4. Do things early. We have been trying to tell the politicians that if you spread cuts over 4 years there is an obvious political problem as you will have cuts next to the local elections in 2013 and the general election, if the Coalition lasts, in 2014. There will also be the managerial problem of major cuts every year, which just undermines morale, and you will also have finance problems. If you have to get £10 million out of a service over 4 years you could spread the misery equally over each year or, if you are brave and courageous, you could say we are going to make the maximum cuts up front in year 1. This, and explaining it to local politicians, is a bit of a challenge, but it is the right thing to do.
5. My final message is do we have a choice in facing up to this financial crisis? Do we want to manage the crisis or is the crisis going to manage us?

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