



## **PROPERTY SERVICES**

*Managing Property as a resource for the City*

## **ASSET MANAGEMENT PLAN**

**2002 - 2005**

*ASSET MANAGEMENT GROUP*

*JULY 2002*

ИЗДАСТВО ИЗ БЮДЖЕ



## EXECUTIVE SUMMARY

The Asset Management Plan has been written in partnership with the Capital Strategy by the Council's corporate Asset Management Group. The process forms a crucial part of the new Corporate Plan, the Authority's statement about how it will use its capital and asset resources to contribute towards fulfilling the themes set out in City Vision.

The Council has a substantial asset base. It is directing the implementation of Asset Planning at a strategic level, using its asset this base as a foundation to attract the maximum public / private Capital Strategy investment through partnership working.

	<b>Operational assets</b>	<b>Non operational assets</b>	<b>Surplus assets</b>	<b>Housing</b>	<b>TOTAL</b>
<b>No. of asset lots</b>	67	34	38	57	196
<b>Total income</b>	£50,000 pa	£3.8 million pa	£50,000 pa	£16m pa	£19.8m pa
<b>Total value</b>	£26.2 million	£48 million	£5.8 million	£130m	£210m

This plan sets out to demonstrate evidence of the following progress:

1. The Council has developed a new 10 year community strategy for Carlisle – City Vision – through consultation with 36 external partners.
2. New Corporate Plan objectives are agreed to target City Vision themes.
3. The Asset Management Group of senior corporate colleagues has set out the Capital Strategy in partnership with the Asset Management Plan to show how capital spending will help achieve corporate themes.
4. The Asset Management Plan sets out how major improvements aim to raise capital receipts and reduce revenue expenditure to fund the Capital Strategy.
5. A surplus land review has identified £5.8 million of assets available with a SMART £500,000 minimum target per year to achieve.
6. An Asset Investment Fund has been established as a first principle to be resourced from the receipts.
7. The Best Value Inspectors' recommendations for the Property Service and, through cross cutting work, those of Economic Development, are being implemented.
8. Consultation has taken place with business stakeholders.
9. A business-managed approach is enabling the release of resources to implement proactive asset management, including £180,000 to upgrade operational buildings to comply with the Disability Discrimination Act.
10. Partnership working continues with the transfer of Kingmoor Park to 90% private sector control, 11 new shops let in the Lanes, and the establishment of new partners for the Market Hall and Raffles.
11. Commissioned research and benchmarking has taken place into asset management databases, with a view to purchase and implementation in early 2003.
12. A corporate research paper into the economy of Carlisle and how this may mould future economic development, planning and property policy is being commissioned to inform Members.
13. The Development Advisory Group of colleagues meets monthly to focus strategic thinking and direction between Members and Officers.
14. The Asset Management Officer Group meets monthly to forward and monitor Capital Strategy and Asset Plan operational priorities.

The 2002/05 Asset Management Plan sets further targets which flow from this work.

*Managing Property as a Resource for the City*

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**1.0 ORGANISATIONAL ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT**

**1.1 Main Events 2001 – 2002**

- 1.1.1 The Audit Commission inspected and reported on Property Services through the Best Value Inspectorate.
- 1.1.2 The Inspectors' report was accepted by the Council in April 2002 through the Overview and Scrutiny Committee approving a new Best Value action plan, the recommendations being fully transcribed into this plan.
- 1.1.3 The Property Service has had significant additional resources added to its budget, resulting in the appointment of key asset development staff and the establishment of an Asset Investment Fund.

**1.2 Redefined strategic remit**

- 1.2.1 Property Service functions have been redefined in accordance with the new Corporate Plan and City Vision.

**PS1 Strategic Property Advice and Management**

- 1.1 Provision of strategic advice about the role of property in the Carlisle economy;
- 1.2 Accounting for all Council property in a corporate way;
- 1.3 Setting the standards for consultation with stakeholders.

**PS2 Asset Management**

- 2.1 Providing policy advice on the utilisation of the operational portfolio in order to ensure efficient and effective service delivery;
- 2.2 Development of the City's non-operational portfolio to achieve a balanced combination of return yields, inward investment and regeneration appropriate to the Carlisle property market;
- 2.3 Efficient identification and disposal of surplus assets;
- 2.4 Asset Valuations in accordance with CIPFA regulations.

**PS3 Estate Management**

- 3.1 Best practice property management of the corporate estate;
- 3.2 Management of the operational portfolio to ensure optimum rent and rates levels appropriate to the Carlisle property market;

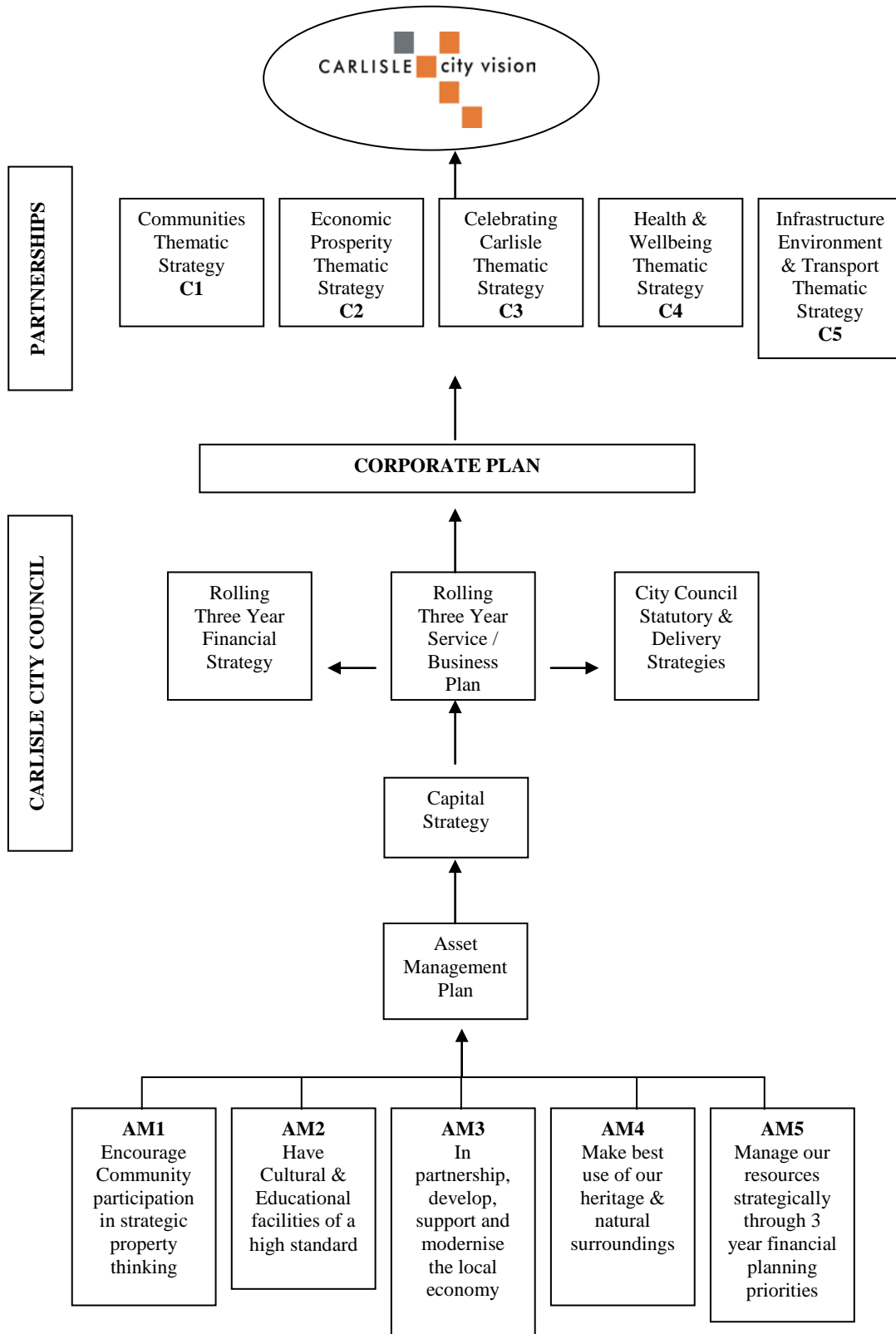
**PS4 Facilities Management**

- 4.1 Strategic overview of the property portfolio to ensure service delivery from high quality suitable accommodation.

**1.3 The Golden Thread**

- 1.3.1 The City Vision partnership of 36 stakeholders formed last year presented the vision to the residents of Carlisle as their own statement for the development of the City over the next 10 years.
- 1.3.2 The Council's corporate objectives are contained in the new Corporate Plan to be reviewed annually to ensure that it is able to meet its contribution to the vision. The strategic direction of the Capital Strategy and Asset Management Plan have been reviewed to thread the new themes together.
- 1.3.3 Asset management team objectives have been agreed to support this process – to manage Property as a resource for the City.
- 1.3.4 This golden thread is set out on the following page.

1.4 City Vision and Corporate Themes Supported and Promoted by Asset Management Plan

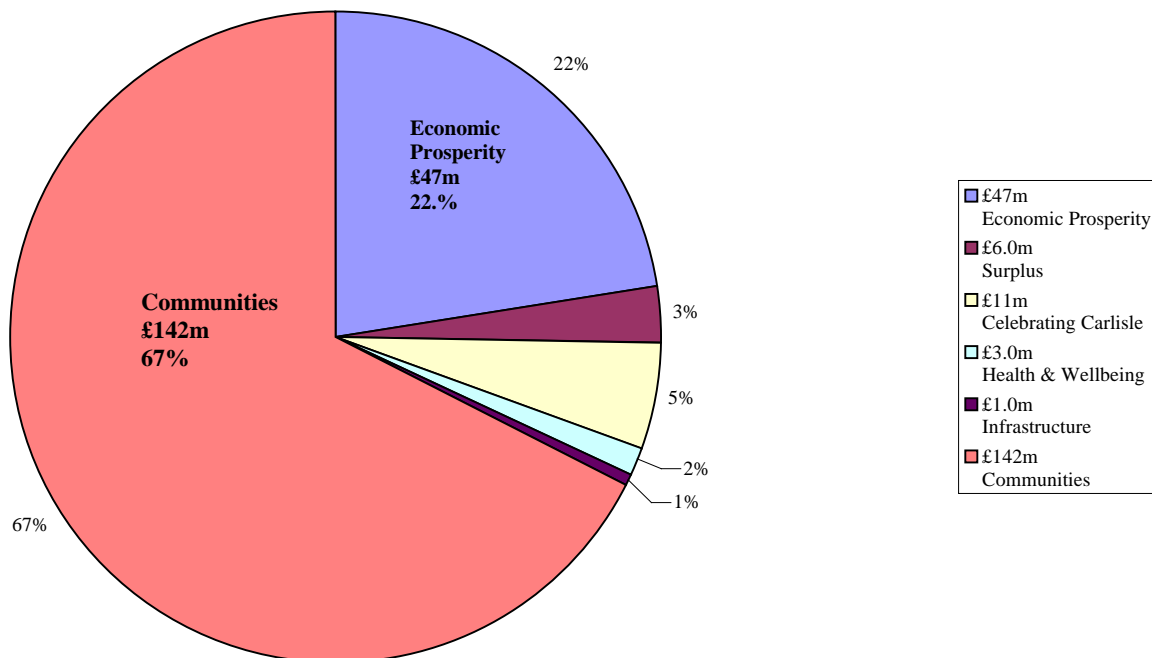


- 1.5 Asset Management Plan Objectives have been reviewed and are recorded in the new Corporate Plan as follows:

Theme	Objective	
Corporate Plan	Asset Management	Asset Management Objectives in the Corporate Plan:
C1	AM1	Encourage community participation and inclusion in the Carlisle area
C1	AM1	Consult with users in the planning and design stages of new buildings.
C3	AM2	Have cultural and educational facilities of a high standard.
C4	AM2	Ensure Council facilities comply with the standards set out in the Disability Discrimination Act.
C2	AM3	In partnership, develop, support and modernise the local economy.
C2	AM3	Complete property reviews for the whole urban area.
C2	AM5	Develop criteria for decisions on whether to dispose of property.
C2	AM3	Establish an Asset Investment Fund for economic assets.
C2	AM3	Establish whether the Council's land ownership policies support the demand, and therefore encourage inward investment.
C1-C5	AM5	Review the Council's economic and financial aims for property in one consistent policy expression
C1	AM1	Investigate with partners the creation of a shared location for agency advice.
C2	AM3	Investigate and develop new medium and long-term development opportunities, particularly where private sector is not confident in investing alone.
C4	AM4	Make best use of our heritage and natural surroundings.
C4	AM4	Reduce the number of locations susceptible to criminal activity by reducing the amount of surplus land and property in the Council's ownership.
C1 – C5	AM5	To effectively manage our resources strategically through 3 year financial planning priorities.
C2	AM5	Comply with District Audit requirements for asset valuations.
C1 – C5	AM5	Continue to develop and implement the Capital Strategy and Asset Management Plan.
C1 – C5	AM5	Ensure all Council property is assessed for suitability and efficiency.
C1 – C5	AM5	Ensure the Council is not paying any more Uniform Business Rate than it needs to through appeal and negotiation.
C1 – C5	AM5	Instigate capital investment to ensure the sustainability of assets for both the Council and business stakeholders.
C2	AM3	Maintain and improve the Council's rental income according to the sensibilities of the Carlisle property market.
C2	AM3	Maintain the fabric and worth of the City's property assets through a programme of asset maintenance.
C1 – C5	AM5	Raise capital receipts to support Capital Strategy.
C5	AM5	Maximise the income potential of the space available in the Civic Centre, should space become available in the next 3 years.

## Carlisle City Council – Asset Management Plan 2002-2005

1.6 The Council's Asset Portfolio as at 1 April 2002 and the links with Corporate and Asset Plan Objectives have been re-analysed to continue the golden thread:



Corporate Plan Theme	Communities		Infrastructure, Environment & Transport		TOTALS
	Celebrating Carlisle Health & Wellbeing	Housing	Economic Prosperity		
	Asset Type		Operational	Non-Operational	
Asset Lots	67	57	34	38	196
Income (£)	£50K pa	£16M pa	£3.8M pa	£50K pa	£19.81M pa
Value (£)	£26.2M	£130M	£48M	£5.8M	£210M
Asset Management Objectives	AM1 AM2 AM4	AM3	AM2 AM3	AM5	

**1.7 The Corporate Property Officer**

- 1.7.1 The structure of the Asset Management decision making process has been governed by the aims of City Vision and the Corporate Plan. As the plan last year informed, the identification of a Corporate Property Officer with associated specific roles and responsibilities is defined as the Head of Property – the primary author of this report. The responsibilities of the Corporate Property Officer have been widely published through the Council's Best Value Organisational Review and at management briefings.

**1.8 Cross-cutting issues under Best Value**

- 1.8.1 The Council has adopted a themed approach to Best Value.
- 1.8.2 The Overview and Scrutiny Committee approved a new Best Value Action Plan for Property in April, following the Inspectors' report. This Asset Management Plan fully incorporates the recommendations.
- 1.8.3 The Corporate Property Officer is involved in the three 2002/03 themed Best Value reviews:
- Regeneration
  - Customer contact
  - Organisational Review

**1.9 Strategic Co-ordination - Development Advisory Group**

- 1.9.1 The Corporate Property Officer reports to the Development Advisory Group after monthly briefings with the Member responsible for Property (the Financial Resources Portfolio Holder); then to the Corporate Management Team; and then to the Executive. The Group, its terms of reference and the Corporate Property Officer's role in it have been communicated throughout the Council.
- 1.9.2 The Development Advisory Group is chaired by the Director of Environment and Development – the Director responsible for Asset Management – and includes the relevant portfolio holder and officers tasked with strategic co-ordination.
- 1.9.3 Its terms of reference were agreed at its first meeting in February 2001.
- 1.9.4 The Group meets bi-monthly.
- 1.9.5 It is a crosscutting vehicle for integrating strategic asset management issues, economic development and surplus land combined to co-ordinating development issues for the City.
- 1.9.6 It has been given the authority to undertake all required action to ensure that the corporate use of assets can be fully achieved.
- 1.9.7 It is able to refer to representatives of stakeholders to act as the consultation and contact point, acting as the forum to consult by inviting business stakeholders.

**1.10 Operational Advice - Asset Management Officer Group**

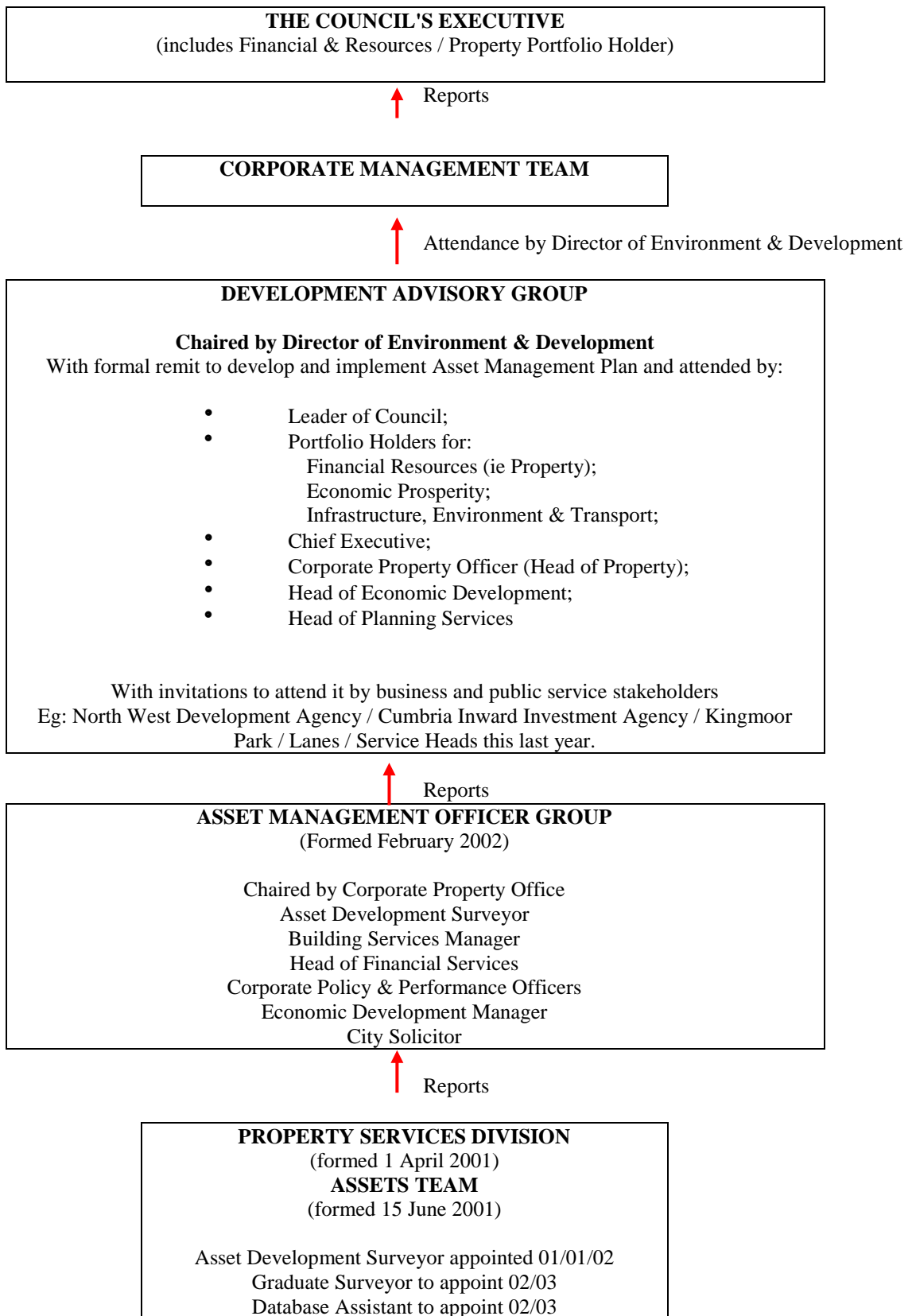
- 1.10.1 In February 2002, the Asset Management Officer Group was formed, chaired by the Corporate Property Officer.
- 1.10.2 This Group meets monthly and is responsible for the assessment of operational requirements for property assets, how they support the objectives of the Corporate Plan, the monitoring of the capital programme and development of the Capital Strategy and Asset Management Plan.
- 1.10.3 The Group includes corporate policy officers, including one charged with the Authority's performance management. This ensures that Service Plans will include both a capital and property asset dimensions, particularly to enable changes to be anticipated.

**1.11 Organisational Chart.**

- 1.11.1 A chart demonstrates this overleaf, and includes those who represent both groups.



1.12 **Organisational chart**



**1.13 Housing Policy**

- 1.13.1 Approximately 7,400 dwellings may be transferred through Large Scale Voluntary Transfer. The consultation process with tenants ends at the ballot deadline of 26 July 2002 and the outcome is awaited.

**1.14 Consultation**

- 1.14.1 The City Vision process is leading a new open approach at Carlisle. Consultation about the Asset Management Plan is linked into this process to ensure that the Council uses its assets to help the authority meet its support to City Vision and the needs of the community.

<b>CONSULTATION</b>		
	<b>Method</b>	<b>Examples</b>
<b>Progress So Far</b>	<u>Internal</u> <ul style="list-style-type: none"> <li>Development Advisory Group – 8 meetings, 3 with external partners.</li> <li>Asset Management Officer Group – 10 meetings.</li> </ul> <u>External</u> <ul style="list-style-type: none"> <li>Carlisle Chartered Surveyors Forum – 1 meeting.</li> <li>Historic Cities Guild – 2 meetings</li> <li>Asset Management Launch →</li> <li>Kingstown / Kingmoor liaison</li> <li>Database benchmarking</li> </ul>	<ul style="list-style-type: none"> <li>Business Asset Management Launch at Conference Centre.</li> <li>120 Business / property representatives / Councillors attended.</li> <li>Presentations from Portfolio Holder, Corporate Property Officer, Kingmoor and Lanes partners.</li> </ul>
<b>Future Targets</b>	<u>Internal</u> <ul style="list-style-type: none"> <li>Development Advisory Group to meet bi-monthly →</li> <li>Asset Management Officer Group to meet monthly</li> </ul> <u>External:</u> <ul style="list-style-type: none"> <li>New Asset Investment Focus Group to be established.</li> <li>New operational Property Focus Group to be established.</li> </ul>	<ul style="list-style-type: none"> <li>Cumbria Inward Investment Agency attended</li> <li>The Lanes (Morley) partners attended.</li> <li>Northwest Development Agency attended.</li> </ul>
<b>Cross-Cutting Forums</b>	<ul style="list-style-type: none"> <li>Historic Cities Property Guild</li> <li>Market Hall Board</li> <li>Kingmoor Park Property Board</li> <li>Historic Land Use Group</li> <li>Regeneration Team</li> <li>GIS Group</li> <li>Estate Management Officer Group</li> <li>LSVT Property Working Group</li> <li>Leisuretime Externalisation Group</li> <li>Cumbria Property Services Benchmarking</li> <li>Association of Chief Estates Surveyors (ACES)</li> <li>Institute of Public Finance (IAF)</li> </ul>	<ul style="list-style-type: none"> <li>Market Hall Board meet 3 times per year.</li> <li>Kingmoor Board meet monthly.</li> <li>Historic Cities Property conference meets annually for 2 days in Carlisle</li> <li>Regular attendance at IPF Seminars</li> <li>Participation at DTLR seminar in Northallerton.</li> <li>Participation in database design workshops.</li> </ul>

1.15 Organisational Arrangements – Checklist & Forward Plan

RECOMMENDATION	COMMENTS	TARGET DATE
Property assets should be considered as a strategic resource.	<b>Achieved</b> - All property held or used by the Council is a corporate resource and is managed on a central and strategic basis.	26/11/01
The Council needs to develop a detailed project plan for preparing its Asset Management Plan.	<b>Achieved</b> –DTLR awarded 01/02 Plan "good" with a commendation of approach.	31/07/02
Consider the level of property holding the Council needs to deliver its vision.	<b>Achieved</b> - Criteria approved by Executive.	10/05/02
Review the budgetary delegation arrangements.	<b>Target</b> - Introduce ring-fenced budgets and incentivisation system.	01/03/05
Develop space standards.	<b>Target</b> - National guidelines to be used for space allocation.	01/03/04
Review the resources.	<b>Achieved</b> - Trading Account system established.  The base budget for Property Management resources is increased by 2002/03 - £57,000; 2003/4 - £117,000; 2004/5 - £177,000	04/04/01
Review the current arrangements for reporting to Members.	<b>Achieved</b> - A protocol for communications and the effective briefing for the portfolio holder with specific responsibility for the Asset Management Plan / Property (Finance and Resources) has been agreed.	26/11/01
Ensure that all property related issues will be covered within a Best Value review.	<b>Achieved</b> - Overview & Scrutiny Committee agreed Action Plan.	10/04/02
Challenge the competitiveness.	<b>Achieved</b> – Market test. Demonstrated in-house service is the most cost effective.	04/04/01
Develop a set of clear property policy objectives	<b>Target</b> - Asset strategy to be considered by the Executive.	31/07/03
Ensure that the Best Value review process is ongoing	<b>Achieved.</b>	04/08/02
Ensure property issues are included in the Council's programme of consultation with views of occupiers taken into account.	<b>Target</b> - Agreed to establish 2 customer forums. Customer satisfaction surveys will be strengthened to ensure a minimum of one formal survey per property per year.	1/12/02

## Carlisle City Council – Asset Management Plan 2002-2005

### 2.0 DATA MANAGEMENT – CHECK LIST AND FORWARD PLAN

2.1 This District Audit study of 2000 into asset management at Carlisle and the Best Value Review recommended that a new database be introduced.

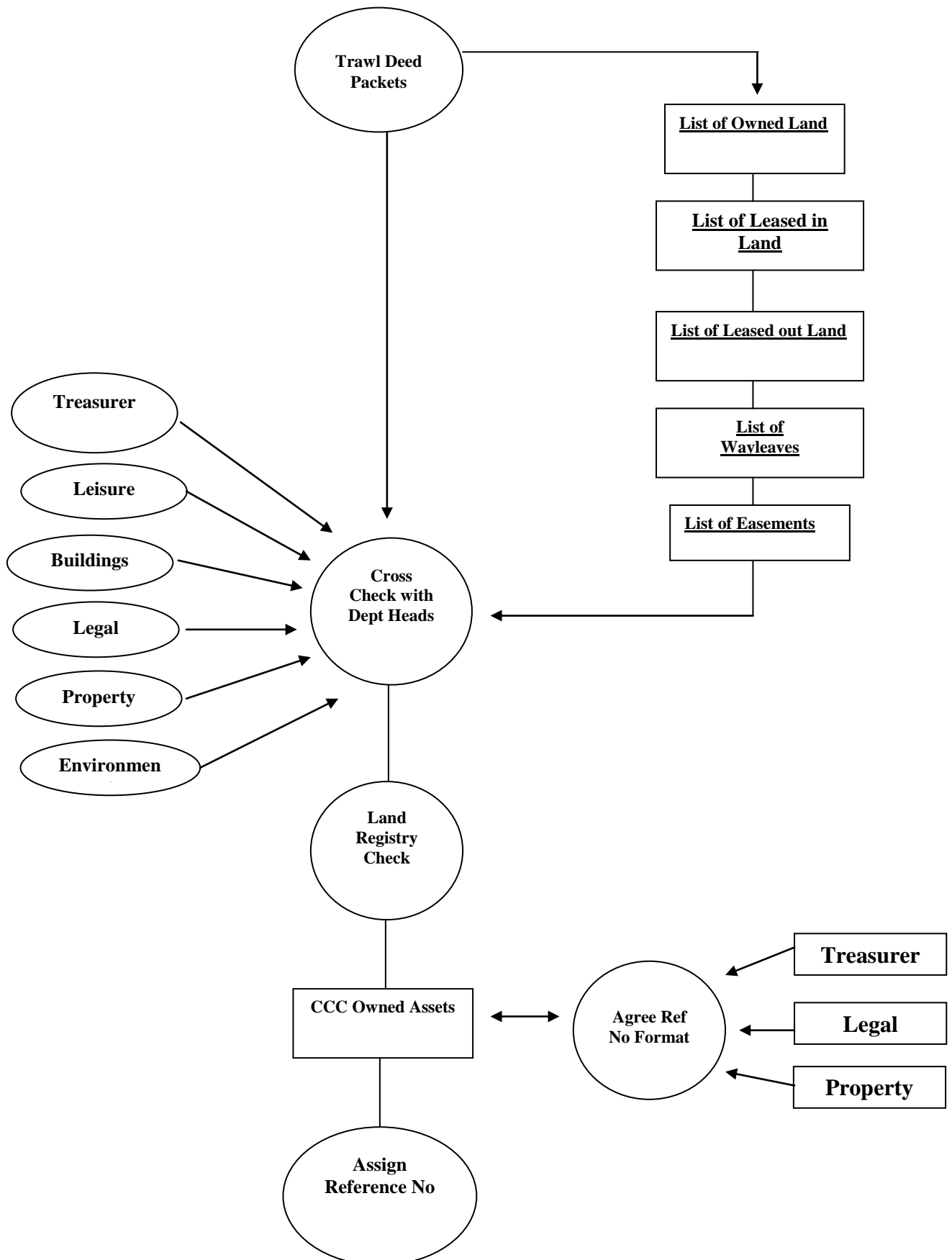
2.2 A capital allocation of £100,000 is set out in the Council's budget to acquire it.

2.3 The action plan is as follows:

PRIORITY	ACTIONS	COMMENTS	DATE OF ACTION
Consultation	<ul style="list-style-type: none"> <li>➤ Benchmarking with other authorities to obtain feedback on systems.</li> <li>➤ Site visits to software houses</li> <li>➤ Asset Management Officer Group established.</li> <li>➤ Benchmarking with Historic Cities Group</li> <li>➤ Service Head interviews to ensure corporate approach.</li> </ul>	District Audit recommendations accepted and Best Value Action Plan approved	10/4/02
Identify Requirements	<ul style="list-style-type: none"> <li>➤ Comprehensive electronic records are in place for all property assets – including UPRN core data but system needs to be corporate. With paper terrier back-up.</li> <li>➤ Specification drawn up for future IT requirement, together with Data Capture Strategy, and comprehensive forward plan. Includes resource implications.</li> <li>➤ Through consultation, a shortlist of companies has been selected for tendering.</li> </ul>	<p>£100,000 approved for database procurement.</p> <p>Specification and data capture strategy approved.</p> <p>Tenders to go to 5 firms</p>	<p>4/4/02</p> <p>10/05/02</p> <p>01/06/02</p>
Proposed Programme	<ul style="list-style-type: none"> <li>➤ Finalisation of Specification July 02.</li> <li>➤ Confirmation of Forward Plan.</li> </ul>	<p>Tender process August 02</p> <p>Procurement September / October 02</p> <p>Data capture Spring / Summer 03</p> <p>Finalisation and fully system implementation late 03</p>	<p>30/08/02</p> <p>31/10/02</p> <p>31/10/02</p> <p>01/12/03</p>
Reality Checks	<ul style="list-style-type: none"> <li>➤ Site visits</li> <li>➤ Audit</li> <li>➤ Cross service area checks of common data such as floor areas.</li> </ul>	<p>District Audit invited back to investigate 04</p> <p>Internal Audit programme 04</p>	31/03/04
Comments	<ul style="list-style-type: none"> <li>➤ Installation of system after tendering data capture involving cross-cutting talks.</li> <li>➤ System implementation. Regular audit of data input.</li> </ul>	<p>Asset Management Officer Group</p> <p>Corporate Property Officer</p>	<p>Monthly</p> <p>Monthly</p>

2.4 The process adopted by the Asset Management Officer Group is set out on the chart overleaf.

2.5 Chart showing data collection process.



### **3.0 PERFORMANCE MEASUREMENT AND MONITORING INFORMATION**

#### **3.1 Best Value and Property Performance Indicators**

- 3.1.1 The Corporate Property Officer submits, on a quarterly basis to Members and Chief Officers, a corporate report on the performance of the property estate.
- 3.1.2 A rigorous system of Property Performance Indicator's has been put in place to incorporate the Office of the Deputy Prime Minister's recommendations, indicators agreed through benchmarking, together with a set of local indicators designed to support asset management objectives under the Corporate Plan. This is reported to Council on an annual basis.
- 3.1.3 Best Value Performance Plan Indicators reported quarterly are as follows:

<b>No.</b>	<b>Description</b>	<b>Apr – Jun 2001</b>	<b>Apr – Jun 2002</b>	<b>2002/03 Target</b>	<b>2003/4 Target</b>
LP131	% of properties in Condition categories A-D, Where A is good and D is poor.	A – 16.9% B – 18.3% C – 24.7% D – 40.1%	A – 3.6% B – 49.3% C – 37.9% D – 9.2%	A – 10% B – 60% C – 25% D – 5%	A – 15% B – 65% C – 20% D – 0%
	Tonnes of CO2 per square metre produced by operational property.	N/A	0.162	0.15	0.14
LP57	Number of let units as a % of total units available to let.	91.15%	91.85%	93%	95%

#### **3.2 Historic Cities Property Guild - Benchmarking**

- 3.2.1 The Corporate Property Officer leads the Historic Cities Property Guild. The guild has undertaken Best Value reviews and is in the third year of statistical analysis. 10 performance indicators (including the 5 Central Government indicators) have been established and are becoming more sophisticated as experience grows. A 2 year target programme has been established and the District Auditor is being requested to assist for 2002/03.
- 3.2.2 The latest Performance Indicators as at 31 March 2002 are:

<b>ITEM</b>	<b>INDICATOR</b>	<b>AGREED DEFINITION</b>	<b>CY</b>	<b>CARLISLE</b>	<b>CM</b>	<b>CR</b>	<b>LN</b>	<b>YK</b>
HCG1	Capital Receipts	% of receipts achieved	174%	100%	N/A	N/A	100%	132%
HCG2	Rate of return	% of rent against capital value	8.14%	9.10%	11.33%	3.70%	10.54%	7.50%
HCG3	Empty units	% of empty units	2.79%	7.80%	4.70%	2.85%	2.00%	3.65%
HCG4	Rent collection	% of income received in a quarter	96.60%	91%	N/A	10.86%	90.83%	94.13%
HCG5	Repair costs	% of maintenance budget	4.86%	2.80%	5.03%	21.70%	9.67%	2.25%

#### **3.3 Future Targets**

- 3.3.1 The graphs in 3.56 (page 13) illustrate the key performance data analysed to date with financial targets set for the following years. These targets will be analysed against actual figures for the 03/04 Asset Management Plan.
- 3.3.2 The Asset Management Officer Group will review procurement of services, economic research and energy efficiency policy in 02/03.

# Carlisle City Council – Asset Management Plan 2002-2005

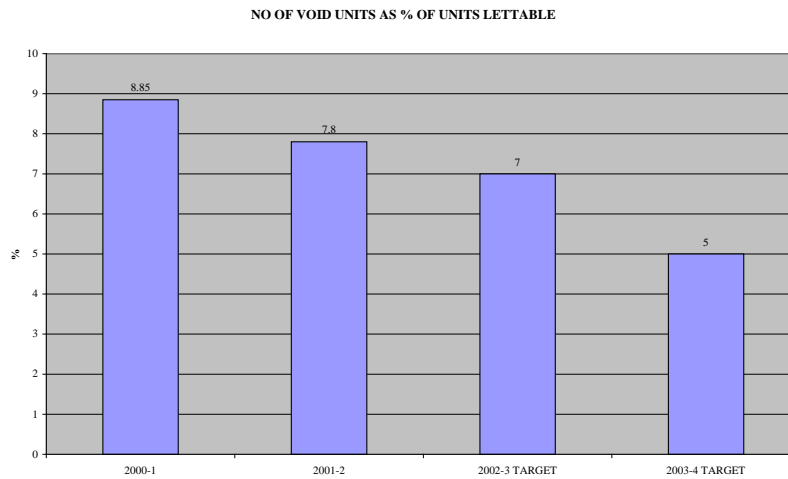
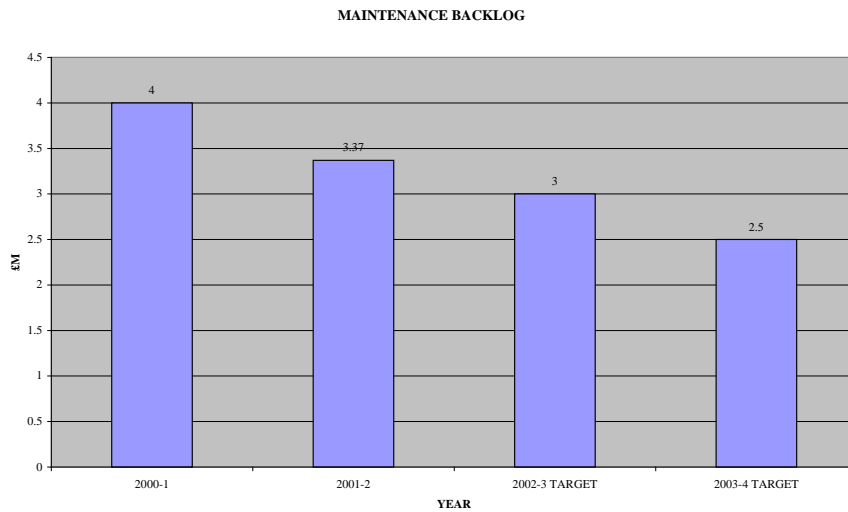
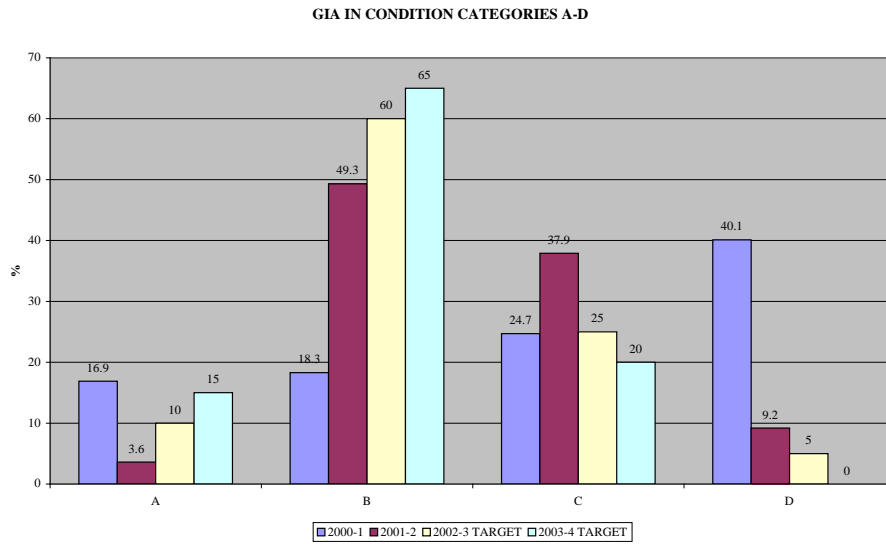
## 3.4 Performance Indicator Information

PI ref	Description	Last Year	Current	Targets	
		2000/1 as at 1/4/01	2001/2 as at 1/4/02	2002/3	2003/4
ODPM 1	A - % GIA in Cond. Cats A-D	16.9%	3.6%	10%	15%
	A	18.3%	49.3%	60%	65%
	B	24.7%	37.9%	25%	20%
	C	40.1%	9.2%	5%	0%
	D	-	£3,337,000	£3M	£2.5M
	B - Backlog of maintenance: Total	-			
	% in priority levels 1 – 4:				
	1		£307,000	£150,000	£0
	2	-	£1,645,000	£750K	£500,000
	3	-	£1,265,000	£1.8M	£1.625M
	4	-	£120,000	£300,000	£375,000
ODPM 2	A - IRR for Industrial Property		9.03%	10%	11%
	B - IRR for Retail Property		13.56%	14%	15%
	C - IRR for Agricultural		N/A	N/A	N/A
ODPM 3	A - Mgt costs / sq m - Op Prop	N/A	£1.66	£2.50	£3.00
	B - Mgt costs / sq m - Non- Prop	N/A	£107,193	£160,000	£193,000
ODPM 4	A - R & M costs /sq m – Op Prop	N/A	£26.27	£25	£24
	B - Energy & utility cost / sq m – Op Prop	N/A	£7.15	£7	£6.90
	C - Water costs / sq m – Op Prop	N/A	£3.61	£3.55	£3.50
	D - CO <sub>2</sub> emissions in T /sq m – Op Prop	N/A	0.162	0.15	0.14
ODPM 5	A - % capital projects +/- 5% outturn	100%	100%	100%	100%
	B - % capital projects +5% timescale	100%	100%	100%	100%
HCG 1	Performance of disposals against target	100%	100%	95%	95%
HCG 2	Performance of investment portfolio	9.1%	9.1%	9%	9%
HCG 3	No of lettable void units as % of whole	8.85%	8.15%	7%	5%
HCG 4	Efficiency of income collection	90%	91 %	98%	93%
HCG 5	Total maint budget as % of Rev	1.7%	1.6%	1.85%	2.1%
Local 1	Ratio of surplus land to non-surplus	-	8.7%	8.5%	8%
Local 2	RRs completed within 1 yr as % of all	-	68.7%	70%	75%
Local 3	LRs completed within 1 yr as % of all	-	27.3%	30%	35%
Local 4	DDA reqs compliance % of No of prop	-	23.2	50%	80%
Local 5	Space utilisation / sq m / person	-	13.5	13	12

ODMP Office of Deputy Prime Minister indicators – national  
HCG Historic Cities Guild – regional  
Carlisle Property Performance - local

ODPM Local indicators not assessed in 2000/1

### 3.5 Graphic Representations and Future Targets for Performance Indicators





#### 4.0 PROGRAMME, PLAN DEVELOPMENT & IMPLEMENTATION

##### 4.1 Recent Executive Decisions

- 4.1.1 The following strategic decisions have directed the work of the Asset Management Officer Group in its workload for 02/03.

SUBJECT	PRINCIPLE	DATE OF DECISION
CORPORATE RESOURCE	All property is treated as a single corporate resource.	26/11/01
ASSET REINVESTMENT	That 50% of capital receipts within total range of £100,000 to £500,000 pa should be applied to support the Asset Management Plan.	18/4/02
OPERATIONAL ASSET IMPROVEMENTS	In addition to the 70% / 30% District Audit recommended split for planned and reactive maintenance, £180,000 has been allocated to comply buildings with the Disabled Discrimination Act.	18/4/02
SURPLUS LAND	A review of all property has identified £5.8 million of assets, to be sold at a rate of £500,000 per year, governed by new land disposal procedures.	27/5/02
ECONOMY	Economic Research for consultation to inform new policy thinking about the non-operational portfolio.	8/7/02

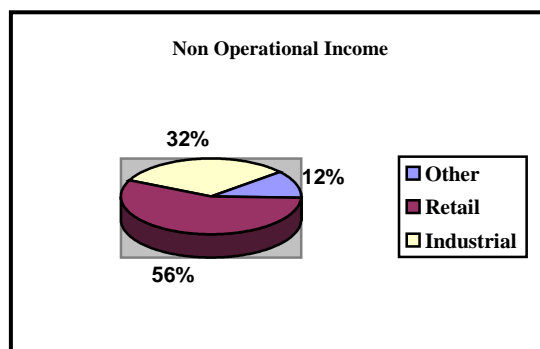
##### 4.2 Monitoring and Option Appraisal Process

- 4.2.1 The Capital Strategy and this plan are being developed, monitored and reviewed within the new executive arrangements - subject to a scrutiny regime – by the Asset Management Officer Group.
- 4.2.2 Each asset is to be appraised in accordance with the following criteria.

OPERATIONAL	NON-OPERATIONAL
▪ Sufficiency and suitability.	▪ Opportunity for partnership working.
▪ Space utilisation and strategic acquisition.	▪ Rental income growth within the confines of the Carlisle property market.
▪ Fit for purpose	▪ Capital valuation growth
▪ Cost in use	▪ Appraisal and monitoring
▪ Shared use with other agencies.	▪ Image and environment.
▪ Appraisal and monitoring	▪ Disposal receipts and income fund for reinstatement
▪ Sustainability	▪ Sustainability

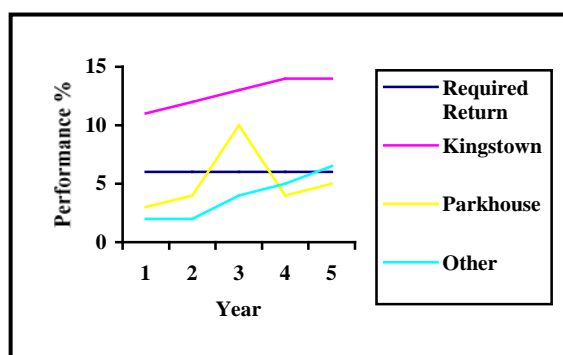
#### 4.3 Evaluation

- 4.3.1 The City Council owns more property than any other district north of Manchester and York.
- 4.3.2 The levels of rental income from its non-operational investment portfolio are similar to revenue from Council tax.
- 4.3.3 The Asset Management Officer Group has recognised the need to urgently review the non-operational portfolio to ensure it is still a relevant service to aid economic prosperity.
- 4.3.4 The current income profile of the main investment property portfolio is:-



- 4.3.5 Once the new database is introduced, each property shall be analysed further and a programme of investment and disposals proposed with benchmarking.
- 4.3.6 In the meantime, a corporate research paper is being commissioned to ascertain the potential future needs of the Carlisle economy to inform options for economic development, property and planning policy.
- 4.3.7 Where recommendations are made for the retention of assets, targets are to be set taking into consideration the following:
- Maintain and enhance the sustainability of income flow over 10 years.
  - Reinvest excess income and capital receipts to improve the local economy and environment.

Each of the core non-operational properties shall be set a performance target. The properties at Kingstown and Parkhouse shall be expected to show profiles as illustrated below:



- 4.3.8 For operational property, each property shall be analysed and benchmarked as part of the themed Best Value reviews and after consultation with services.
- 4.3.9 The workload is significant and will require private sector expertise to assist the in-house service. The Council has adopted a new Procurement Policy. In 2002/03, the Corporate Property Officer is tasked with a new Procurement Strategy to deliver professional services in a partnership working format.

#### 4.4 UNDER-USE AND DISPOSAL

- 4.4.1 A systematic property review commenced in 1996, looking at properties and land held north of the River Eden. Following evaluation, £3.5 million has been realised, including the sale of Carlisle Airport.
- 4.4.2 This process has been revisited and a further £5.8 million of surplus assets are identified using the new City Vision themed criteria approved by the Executive in May 2002.
- 4.4.3 A SMART minimum of £500,000 of receipts has been set by the Executive to finance a new Asset Investment Fund - established in 2002 – as a major outcome of the Best Value Review – to be recommended through the Capital Strategy.
- 4.4.4 A practical example of the new criteria is as follows:

#### PRACTICAL EXAMPLE

##### SURPLUS PROPERTY DESIGNATION MATRIX

**ASSET ADDRESS:** Land at Howard Street, Carlisle

**ASSET DESCRIPTION:** Cleared site to rear of houses

QUESTION	YES / NO
1. Is the asset currently being used for direct service delivery?	NO
2. Is the asset likely to be required for direct service delivery in the next 10 years?	NO
3. Is the asset likely to be required to assist supporting the City Vision partners in relation to:	
* Health and wellbeing.	NO
* Communities.	NO
* Economic prosperity.	NO
* Infrastructure, environment and transport.	NO
* Celebrating Carlisle.	NO
PROPERTY SERVICES ANALYSIS	
1. Current use value	£NIL
2. Alternative use value	£45,000
3. Current rental income	£NIL
4. Potential future rental income	£NIL
5. Current management costs	£1,000
6. Likely disposal fees	£2,250
7. Estimated net capital receipts	£42,750
8. Date when receipt expected	31/03/03
CONCLUSIONS	
Is this asset recommended for disposal?	YES

#### COMMENTS

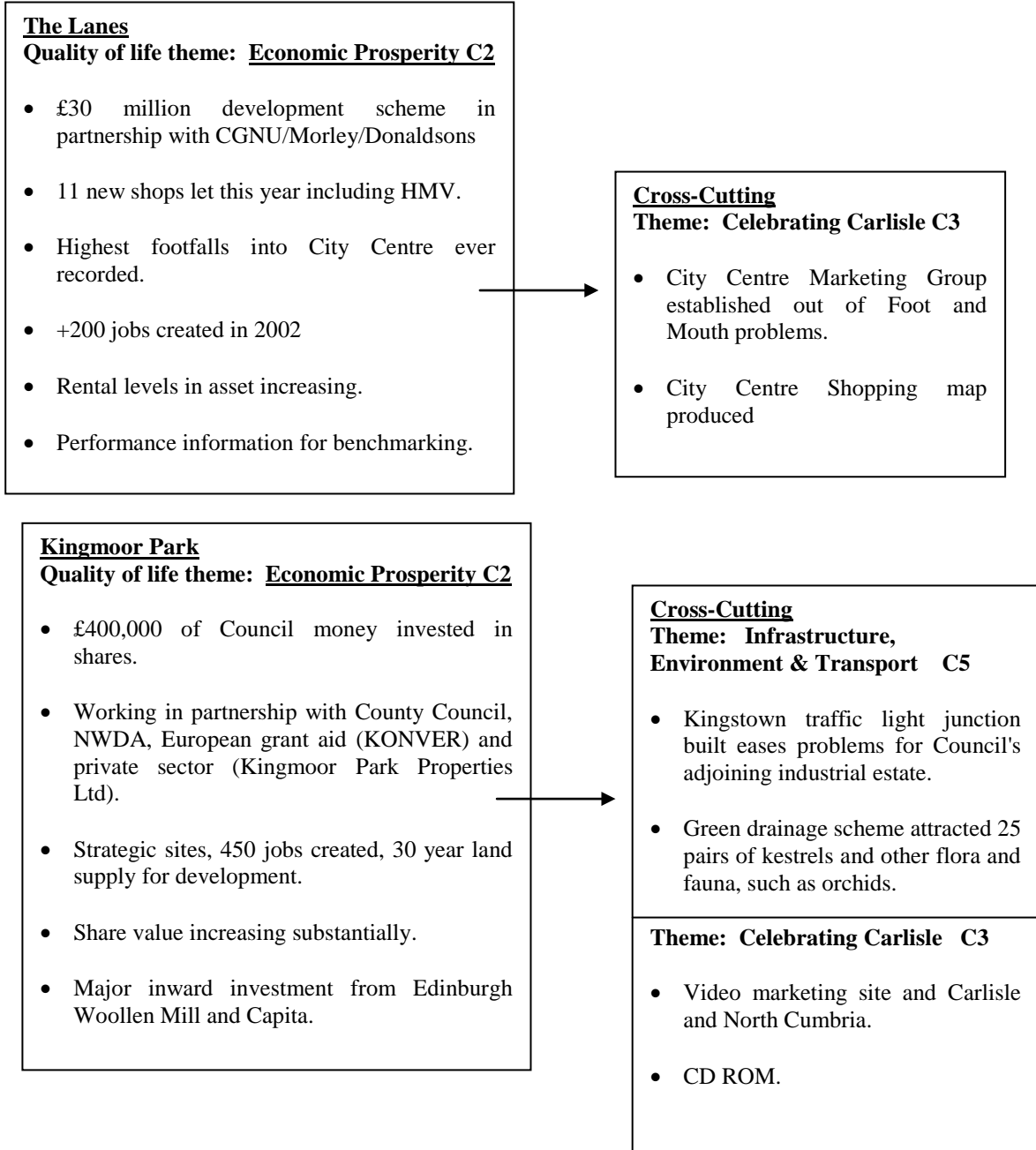
The land has been vacant and causes management costs.

4.5 **Cross cutting issues and partnership working**

4.5.1 As stated in the Capital Strategy, Carlisle has a successful track record with partnership working, particularly in relation to property assets.

4.5.2 This approach not only maximises capital expenditure and minimises revenue costs, there is added value through private sector benchmarking and cross cutting into other City Vision themes.

4.5.3 This can be demonstrated as follows:-



## **5.0 CONCLUSIONS**

### **5.1 Current Achievements**

- City Vision partners signed up to the future direction of Carlisle.
- Local Government modernisation with Constitution and Executive arrangements fully embraced.
- Responsibility in the Executive for all property matters rests with the Financial Resources Portfolio Holder.
- New Corporate Plan incorporating City Vision themes linked by a golden thread into the Capital Strategy and Asset Management Plan.
- New Procurement Strategy to maximise efficiency.
- Capital Strategy and Asset Management Plan driven by the same corporate groups at strategic and senior operational levels with public consultation.
- Strong evidence of public / private partnership working to maximise Capital Strategy outputs and minimise revenue costs.
- Property agreed to be a corporate resource, managed on a central and strategic basis.
- Staff resources increased by £177,000 per year, database resource at £100,000 allocated.
- Asset Investment Fund established.
- The Best Value Improvement Plan agreed in full, and all recommendations form the basis of the Asset Management Plan, cross cut with the Best Value Review for Economic Development.
- Development Advisory Group established 2001 for strategic co-ordination.
- Asset Management Officer Group established 2002 for operational procurement.

### **5.2 Future Requirements**

- The commissioning of a new corporate strategy and policy statement for all property held or used by the Council, including a review of economic prosperity assets as a priority.
- The strategy to be used as a basis for a fundamental test to be applied to each property asset to determine its future.
- Two customer forums to inform strategy for Members.
- Property procurement strategy to follow new corporate policy.
- Database to monitor the revised set of financial and performance targets.

### **5.3 Constraints**

- Corporate working requires new culture to follow reorganisation of the Council.
- Workload pressures from LSVT and Leisuretime.
- Change takes time.

#### **5.3.1 Gaps**

- Time required to drive the Capital Strategy and Asset Plan forward.
- Training and new skills.
- Communication of corporate approach to be commuted into outputs and outcomes.

## **6.0 RECOMMENDATIONS**

6.1 In order to proactively develop and manage property schemes to support City Vision, the following strategic targets are planned over the period 2002-2005.

- Maintain the fabric and worth of the community's property assets through a programme of asset maintenance;
- Corporate Property Officer to attend IdeA leadership course;
- Asset Development Surveyor and team to complete personal development plans through the Training Needs Analysis;
- Improve liaison and consultation with tenants;
- Clarify the Council's community and financial aims for property in one consistent policy expression;
- Now that the criteria for decisions on whether to dispose of property are agreed, to implement the sale of identified assets;
- Complete property reviews for the whole urban area;
- Improve data on property holdings;
- Now that a small suite of performance indicators for property, including those specified by Government is achieved, to make sure the challenging but realistic targets, are monitored against those targets;
- Conduct a corporate review covering all property;
- Advance geographical information systems-based asset management, ensuring a consistent corporate approach;
- Question the need for any individual service to "own" property;
- Continue to identify one portfolio-holder responsible for all property;
- Continue with one centre of commissioning of property services, through the Corporate Property Officer, with partnership private sector working initiatives;
- Market Carlisle as a place to develop and invest.