

# CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

## ***Committee Report***

Public

Date of  
Meeting: 18 April 2002

Title: PROPERTY SERVICES BEST VALUE INSPECTION

Report of: DIRECTOR OF ENVIRONMENT & DEVELOPMENT

Report  
reference: EN 047/02

### Summary:

The Audit Commission inspectors' report has been issued. It concerns not just the service being provided by the in-house team but also the corporate issues concerning the Council's approach to its asset management. In the light of the inspectors' report and recommendations, and an increase in resources for the Property Team, the original Best Value action plan has been revised for Members' consideration. This is recommended for approval.

Recommendations: - It is recommended:

1. That the Best Value Report from the Audit Commission Inspectors be noted;
2. That the Best Value action plan be agreed;

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1.

## 2. INTRODUCTION

1. The Council owns a considerable amount of property both to deliver its services (known as operational assets) and to support other strategies, particularly economic development (known as non-operational assets).
2. The value of this asset base is considerable – more than any other Local Authority north of Manchester or York. It is on a par, in rental income terms, with London Unitaries. Property income raises more revenue to the Council than Council tax.
3. In the national context, the Audit Commission and Government through the DTLR are pressing all Councils to become more corporate in the way that Local Authority assets are managed. A number of publications are driving this forward, most particularly that concerning asset management plans.
4. As a consequence of these factors, this Council has faced a particularly robust set of inspectors with the way that they have reviewed the property service.
5. Their report, and the Council's response including a revised Best Value action plan are covered in this set of papers.
6. A number of Appendices are attached as follows:

Appendix A The Best Value report from the Inspectors.

Appendix B The revised Best Value action plan that arises out of this report.

Appendix C The review process.

Appendix D The report of 26 November 2001 to the Executive entitled Corporate Property Management (TC 234/01).

Appendix E Best Value Database Procurement Strategy for Property Services.

Appendix F Best Value Performance Indicator Strategy for Property Services.

Appendix G The Government feedback – a good award – for the Council's Asset Management Plan.

## 3. BACKGROUND

1. The original Terms of Reference for the Best Value Review in 2000 included:

***A simple practical process that will be auditable, straightforward and appropriate to the review of the £200,000 defined service provision for estates and valuation activities within the Authority.***

***It shall cover the specific service provision and not how the Authority manages its assets.***

2. The inspectors have taken a much wider, crosscutting, view.
3. Although they title their report "Property Services", it is considered it should now read "Asset Management".
4. Their report is attached at Appendix A. In particular, at page 8, item 12, the inspectors say:

***Whilst we regard the Property Services Division as performing at a satisfactory level, that is only part of the picture, which must also take into account the Council's overall property management performance. The Council's overall property management performance is only fair, and;***

***On balance we judge that the prospects for improvement are uncertain.***

5. Pages 5 – 11 of the inspectors' report is the summary of their findings.
6. The Best Value Action plan has been revised and is attached at Appendix B.
4. THE INTERIM CHALLENGE AND RESPONSE FROM THE COUNCIL
  1. The response to the Interim Challenge from the inspectors on 16 November 2001 by the Executive was the consideration of report entitled Corporate Property Management.
  2. This is attached at Appendix D.
  3. All the recommendations are included in the Best Value action plan.
  4. The report was agreed and, following the 02/03 Budget resolution, resources were increased as following:
    - i. The base budget Property Management is increased:
 

2002 / 3 - £57,000

2003 / 4 - £117,000

2004 / 5 - £177,000
    - ii. That £100,000 be allocated to begin asset management, primarily to fund a database as recommended by District Audit.
    - iii. That the principle that 50% of capital receipts within the total range of £101,000 to £500,000 pa should be applied to support the Asset Management Plan.
    - iv. That £180,000 be allocated to meet the requirements of the Disabled Discrimination Act in relation to the Council properties.
  1. Work is continuing in a number of different areas to meet the challenge of Best Value for asset management. The DTLR response to this Council's approach is attached at Appendix G – and is very complimentary to the work undertaken so far.
1. BEST VALUE ACTION PLAN
  1. The key recommendations of the Best Value inspectors and the link to a revised Best Value action plan are attached at Appendix B.
  2. It is considered by Officers that asset management and Best Value for Property Services should be considered together because correct asset planning is a demonstrable output of the ethos of Best Value. This is a process commended by District Audit. In summary, these are:

Inspectors key recommendations	Reference in Action Plan
Maintain the fabric and worth of the community's property assets through a programme of asset maintenance;	BV action plan R1, R2, R3, R4, R5, R6, R8, R12, R17, R18 and Appendices D & G
Improve liaison and consultation with tenants;	BV action plan R10

Clarify the Council's community and financial aims for property in one consistent policy expression;	BV action plan R1 and R6
Develop criteria for decisions on whether to dispose of property;	BV action plan R8
Complete property reviews for the whole urban area;	BV action plan R3, R4
Improve data on property holdings;	BV action plan R5, and R20 and Appendix F
Define a small suite of performance indicators for property, including those specified by Government, together with challenging but realistic targets, and monitor performance against those targets;	BV action plan R16 and Appendix E
Conduct a corporate review covering all property,	BV action plan R6
Advance geographical information systems-based asset management, ensuring a consistent approach;	BV action plan R5, R20 and Appendix F
Question the need for any individual service to "own" property;	BV action plan R1
Clearly identify one portfolio-holder responsible for all property;	B V action plan R1
Clearly identify one centre of commissioning of property services, for example, a Corporate Property Officer with a Facilities Manager.	BV action plan R1 and R12

## 2. TRADING ACCOUNTS

1. The trading account for the property service was set up as part of the Best Value review to support the financial resources that were required to implement the action plan.
2. The principle was to finance the action plan through property income, receipts and property savings, in a private sector fee based approach.
3. They show a surplus of fees of about £30,000 in the first year of trading.

## 3. CONCLUSIONS

1. The Council, in accepting the recommendations of the original action plan, approached the Best Value of Property Services from a service perspective – and recommendations for continuous improvement of this were dealt with on an incremental basis.
2. In consideration of the Council's property ownership and the national agenda being set by the Audit Commission and DTLR through Central Government – the inspectors have taken a more robust view of the way the Council manages its assets. They require Carlisle City Council to

introduce stepped change.

- 3. In accepting this approach, the action plan sets out stepped change, as far as it is able to do, this side of the Council's corporate restructure later in the year.
  - 4. The feedback from DTLR about the Council's asset management plan is very encouraging and positive for the future approach being introduced through significant additional resources approved in the 02/03 budget cycle.
  - 5. This Best Value review, along with all others, are being considered by the Council's consultants in relation to the restructure.
  - 6. Through monitoring, Members will be able to scrutinise whether the Council has the willingness and the ability to take on board the inspectors' recommendations.
4. RECOMMENDATIONS
- 1. That the Best Value report from the Audit Commission Inspectors be noted;
  - 2. That the Best Value action plan be agreed;

APPENDIX C

THE PROPERTY SERVICES BEST VALUE  
REVIEW PROCESS

DATE	REPORT
5 March 2001	Property Services Best Value Review Final Report to Environment Best Value Working Group.
15 June 2001	Best Value – Property Services Business Plan report to Environment Committee (EN 088/01).
2 July 2001	Property Services Business Plan and Asset Management Plan report (in tandem with Capital Strategy) to Policy and Resources Committee (EN 085/01).
16 August 2001	Best Value – the Corporate Property Service Business Plan – Personnel issues to Personnel and Training Sub Committee (EN 087/01).
23 August 2001	Best Value – Property Services Business Plan Restructure (EN 125/01) to Environment Committee.
16 November 2001	Best Value Inspectors' Interim Challenge.
26 November 2001	Corporate Property Management report by the Chief Executive to the Executive.
5 February 2002	Budget resolution of the Executive.
25 March 2002	Asset Management Plan Implementation Surplus Property Guidance Note (EN 039/02) to the Executive Portfolio Area – Finance and Resources.

18 April 2002	This report to Overview & Scrutiny.
25 July 2002	In the Forward Plan – Capital Strategy and Asset Management Plan for consideration by the Executive.

# **Carlisle City Council**

## **Property Services**

April 2002

### **Best Value Inspection**

**Version:** Final Draft



## Best value

The Government has placed a duty of best value on local authorities to deliver services to clear standards – of cost and quality – by the most economic, efficient and effective means available. Best value is a challenging new performance framework that requires authorities to publish annual best value performance plans and review all their services every five years.

Authorities must show that they have applied the four Cs of best value to every review:

- ♦ **challenging** why and how a service is being provided;
- ♦ **comparing** their performance with others' (including organisations in the private and voluntary sectors);
- ♦ embracing fair **competition** as a means of securing efficient and effective services; and
- ♦ **consulting** with local taxpayers, customers and the wider business community.

Authorities must demonstrate to local people that they are achieving continuous improvement in all of their services. The Government has decided that each authority should be scrutinised by an independent inspectorate, so that the public will know whether best value is being achieved. The purpose of the inspection and of this report is to:

- ♦ enable the public to see whether best value is being delivered;
- ♦ enable the council to see how well it is doing;
- ♦ enable the Government to see how well its policies are working on the ground;
- ♦ identify failing services where remedial action may be necessary; and
- ♦ identify and disseminate best practice.

This report has been prepared by the Audit Commission following an inspection under Section 10 of the Local Government Act 1999, and issued in accordance with its duty under Section 13 of the 1999 Act.



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## Summary and Recommendations

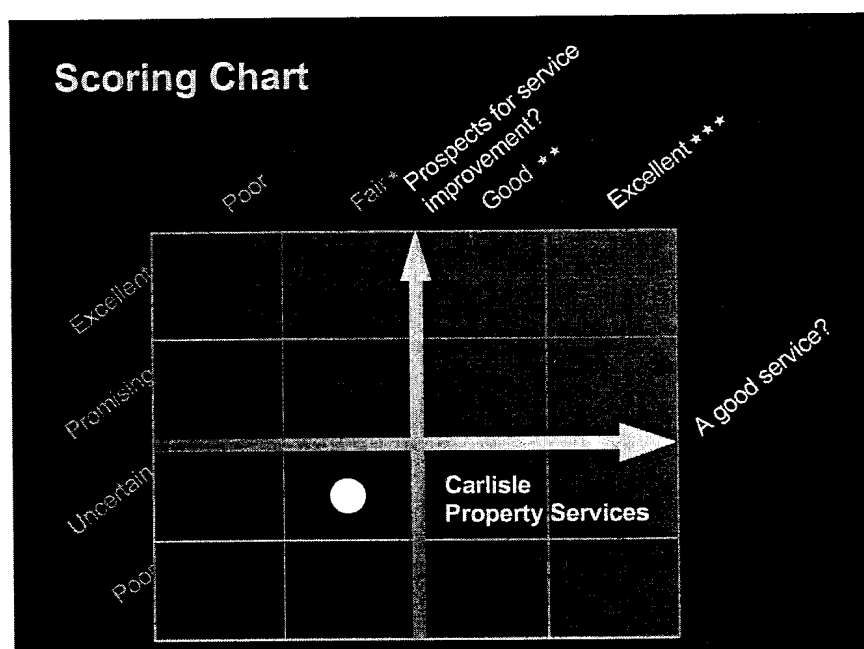
### Summary

- 1 Carlisle City Council is the most northern district in Cumbria, and is bounded by the Scottish border, Northumbria, Eden and Allerdale Districts. The Council's 400 square mile area consists predominantly of a rural landscape and the flood plains of the rivers Eden and Esk. Carlisle, the only major settlement, is at the junction of the M6 motorway and the A69 to Newcastle, and on the main rail line between the west of Scotland and London.
- 2 Some 70 per cent of the 102,000 population live in the City. The remainder is scattered throughout the district in villages and agricultural settlements. Ethnic minority groups form less than 1 per cent of the population. The Council area has low unemployment (2.9 per cent - August 2001) but wage levels are below the Cumbrian and national averages. Four city wards are in the 10 per cent most deprived wards in England. The service and manufacturing sectors dominate the local economy with tourism being a growth element.
- 3 Carlisle's location, population profile and economy have directly influenced the development and application of the Council's property holdings. The area is not considered prime by institutional decision-makers and Carlisle serves mainly regional and local companies – rather than national and international organisations. Rental growth is also slow compared to other parts of the UK.
- 4 The net result of these factors is that, historically, the Council has felt that it needed to own property in order to attract and direct development. Its commercial property portfolio has been developed over decades and has become a large income earner, quite apart from its intended strategic use as a primer for economic development.
- 5 Carlisle City Council has 52 elected members and is in Conservative control. The Council introduced a Leader and Executive Cabinet with Overview and Scrutiny Committees decision making structure in September 2001. The Finance and Resources portfolio holder is responsible for all assets including property. The Council's 2001/02 gross revenue expenditure is budgeted at £14.3 million.
- 6 The Council's 930 staff are structured into five Departments, one of which is Environment and Development, within which are both the Property Service Division and the building maintenance unit.

- 7 The Council holds 'operational property' (i.e. that which is directly used as a 'home' for service delivery) worth £20 million. This figure excludes the value of residential houses.
- 8 The Property Services Division is responsible for the management of the 'non-operational portfolio' i.e. property which does not 'house' Council services and service units. The non-operational property is worth approximately £42 million and generates £3.8 million rental income per year. The portfolio is largely retail and industrial, with little office or agricultural property being owned.
- 9 The Property Services Division comprises seven full-time and two part-time staff and costs some £265,000 per year to run. Its key roles are to:
  - ♦ provide strategic advice on the property portfolio;
  - ♦ oversee and manage acquisitions, disposals and developments;
  - ♦ conduct valuations; and
  - ♦ manage tenancies.

### Scoring the Service

- 10 We have assessed the Council as providing an '**fair**' service that has **uncertain prospects for improvement**. Our judgements are based on the evidence obtained during the inspection and are outlined below.



- 11 Our two judgements are shown in the two dimensional scoring chart above. The horizontal axis shows how good the present service is - the scale ranges from no stars for a service that is poor (left end of the axis) to three stars for an excellent service. The vertical axis shows the improvement prospects of the service, also on a four-point scale.
- 12 We believe the Council's performance in managing its commercial property is '**fair**'. The evidence supporting our conclusion can be summarised as follows.
- ♦ The Council's aims for commercial property management are inconsistent between the various documents that define them.
  - ♦ The Council has been able to secure only an average rate of return on the portfolio when compared to other district councils of historic cities.
  - ♦ There is, however, no clear plan for the future of the portfolio, other than to continue to draw income from it. The Council has not yet developed a strategy to rationalise the portfolio, or maximise either income or capital return, or sustain the quality and economic value of the assets themselves.
  - ♦ These strategic and performance weaknesses are reflected in an absence of real and challenging targets for both the portfolio and for the Property Services Division.
  - ♦ The Division performs better than average on the indicators of costs of management and efficiency of collection of rental income. It is also playing a valuable role in helping the Council to focus on the need for investment in, and maintenance of, the portfolio. However, it has been less effective in advising the Council on strategies for disposal of property.
  - ♦ Whilst we regard the Property Services Division as performing at a satisfactory level, that is only part of the picture, which must also take into account the Council's overall property management performance which, for the reasons summarised above is only **fair**.

- 13 On balance we judge that the prospects for improvement are **uncertain** for the following reasons.
- ♦ The best value review, the recent work of the Division and the efforts of senior management have focused the Council's attention on property issues and established the strategic importance of property; but the most recent decisions of the Council's Executive still do not demonstrate a clear and substantial commitment to a new direction.
  - ♦ The scope of the review was limited to commercial (non-operational) property and it focussed very much on internal processes, rather than outcomes that could directly affect the community.
  - ♦ The Improvement Plan was largely limited to internal organisation and processes, with only one action being customer-focussed. The other proposed improvements deal with organisational change or with increased income.
  - ♦ The Council failed to act on an earlier (1996) proposal to improve its performance by establishing a 'maintenance fund'; that failure makes us cautious about the most recent similar proposal.
- 14 However, there are some positive indications for the future. There is a strengthened team – from portfolio-holders, a new Chief Executive, a keen and informed Director (recently freed up from work on the Millennium Project) and a newly formed Property Division with enlarged staffing and a dynamic head of service. In addition, the elected members we spoke to encouraged us to feel that the Council is responding to all these stimuli and changes.
- 15 There have been signs, subsequent to our inspection, that the Executive of the Council is actively reconsidering its performance in relation to property management. It has committed itself to a further review of all property, both operational and non-operational, and has adopted other recommendations made by us.
- 16 However, whilst it has accepted the principle of asset maintenance funding, the means of funding maintenance as well as the amount of funding remain unclear. As a result, we still lack evidence of challenging target-setting, revised improvement planning and of unambiguous decisions to sustain the assets.

## Recommendations

- 17 Our recommendations are that specific proposals should be formulated within six months of publication of this report to:
  - ♦ maintain the fabric and worth of the community's property assets through a programme of asset maintenance;
  - ♦ improve liaison and consultation with tenants;
  - ♦ clarify the Council's community and financial aims for property in one consistent policy expression; and
  - ♦ develop criteria for decisions on whether to dispose of property.
- 18 In addition, we recommend that the following organisational and work priorities be formally adopted and that project and resource plans be developed for them:
  - ♦ complete property reviews for the whole urban area;
  - ♦ improve data on property holdings;
  - ♦ define a small suite of performance indicators for property, including those specified by Government, together with challenging but realistic targets, and monitor performance against those targets;
  - ♦ conduct a corporate review covering all property; and
  - ♦ advance geographical information systems-based asset management, ensuring a consistent corporate approach.
- 19 We also recommend that the Council take the following broad corporate approaches to property management:
  - ♦ question the need for any individual service to 'own' property;
  - ♦ clearly identify one portfolio-holder responsible for all property; and
  - ♦ clearly identify one centre of commissioning of property services, e.g. a Corporate Property Officer with a facilities manager.

## Acknowledgements

- 20 We wish to express our appreciation to the officers and Members of Carlisle City Council for their co-operation and assistance throughout this Inspection, and to those representatives of other organisations and individuals whom we interviewed and who provided documentary evidence.

**Paul Simpson**  
**John Tomlinson**  
**Inspectors**

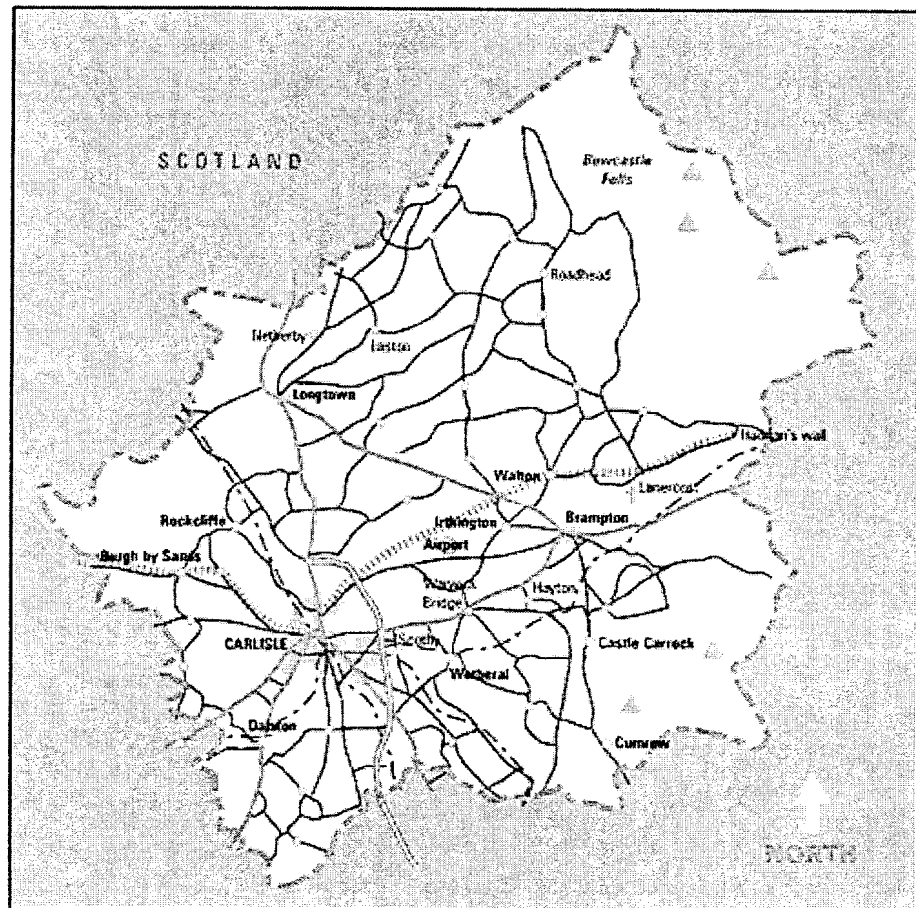
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## Profiling Carlisle

### The locality

- 21 Carlisle sits at the centre of a large, sparsely populated area encompassing Cumbria and much of Dumfries and Galloway in Scotland. It is remote from other urban areas with Glasgow 96 miles to the north and Newcastle 58 miles to the east. The 400 square miles administered by Carlisle City Council are bounded by the Scottish border on the north, Northumberland to the east, Eden District to the south, and Allerdale District in the west.
- 22 The area mainly comprises the flood plains of various rivers flowing into the head of the Solway Firth, the lower valley of the river Eden, and the western slopes of the Pennines.
- 23 Carlisle is well served by the M6, A74, A7 and A69 (which connects the area to Newcastle). Carlisle is also a station on the West Coast rail line and there is a small airport that was until recently in Council ownership. Road links to rural areas, especially in the east of the district, are sparse and public transport is limited.





- 24 The district has a population of 102,000, of which 68 per cent live in urban wards, predominantly in the City of Carlisle and in the much smaller towns of Brampton, Wetheral and Longtown. The population has been static over the last decade, and the age profile is comparable to that of the UK as a whole. Ethnic minorities constitute less than 1 per cent of the population.
- 25 At 2.9 per cent, the area's unemployment levels are close to the national and regional averages (both 3.2 per cent in August 2001). The regional significance of Carlisle as an employment centre is reflected in the daily inflow of workers from as far north as Annan and from Penrith in the south. The recent major outbreak of Foot and Mouth disease is already raising major issues for the future of the rural economy. A significant issue within the economy is that of low wages – the levels in Carlisle are lower than the Cumbrian and national averages. Pockets of high deprivation exist, with four of the city wards among the 10 per cent most deprived wards in England.
- 26 The dominant economic sectors are wholesale and retailing (19 per cent of the employment), manufacturing (16 per cent – in a small number of large companies), public administration (11 per cent) and health services (also 11 per cent).
- 27 A recent Best Value Inspection of the Council's economic development activities identified property management as a significant contributor to the Council's efforts. That inspection particularly identified the development and extension of 'The Lanes' (a large shopping development in the City Centre) and the development of the City's more recent industrial and commercial estates at Kingstown and Kingmoor Park as having contributed to growth.
- 28 This contribution is not accidental. Carlisle's location, population profile and economy have directly influenced the development and application of the Council's property holdings. The area is not considered prime by institutional decision-makers and Carlisle serves mainly regional and local companies – rather than national and international organisations. Rental growth is also slow compared to other parts of the UK.
- 29 The net result of these factors is that the Council has felt, historically, that it needed to own property in order to attract and direct development. The Council's commercial property portfolio has been developed over decades and has become a large income earner, quite apart from its intended strategic use as a primer for economic development.

## The Council

- 30 Carlisle City Council is one of six second tier authorities in Cumbria, and has 52 elected members with Conservatives in control.
- 31 In September 2001 the Council introduced a new democratic and decision-making structure based on the Leader and Executive model with several cross-cutting portfolios (dealing with themes rather than departments or services), combined with Overview and Scrutiny Committees.
- 32 As a consequence Property Services is directly responsible to the Finance and Resources portfolio-holder, as well indirectly to the portfolio-holders for Infrastructure, Transport and Environment and for Economic Development.
- 33 The Council's three-year financial objective is to consolidate the revenue budget between 2001/02 and 2004/05. The Council's 2001/02 gross revenue expenditure is budgeted at £14.3 million – a £1.9 million increase over the 2000/01 total.
- 34 The capital programme for the current financial year is £10.3 million, but once commitments such as the city's housing programme and the Millennium (or Gateway City) Project have been deducted, the capital budget for the forecast period is between £50,000 and £100,000 per year. Any additional capital funds would need to be found from asset sales and income. The Council has decided against committing to any major capital projects in the foreseeable future.
- 35 Carlisle City Council's aims stated in the Best Value Performance Plan 2001/02 are to:
  - 'Enhance the social, economic and environmental quality of life for Carlisle residents now and in the future'*
  - 'Make Carlisle a centre of excellence by pursuing the highest standards of public and private sector services and amenities at a cost local citizens can afford'*
  - 'Develop equality of opportunity and access to services'*
  - 'Encourage the involvement of the community and listen to Carlisle residents'*
  - 'Ensure that Carlisle's motto 'Be Just and Fear Not' is one which all citizens can share'.*

36 The Council's Community Plan translates these into eight objectives:

- ♦ Reduce crime and disorder
- ♦ Promote sustainable transport
- ♦ Improve social well being, health and education
- ♦ Protect and improve our environment
- ♦ Develop employment and training opportunities
- ♦ Satisfy housing need
- ♦ Advance Carlisle as a regional and cultural capital
- ♦ Spend the community's money wisely

37 The Council also has a number of strategies that impact on the property portfolio, notably the Asset Management Plan and the Procurement Strategy (which was awaiting Council approval at the time of our inspection).

38 The Council employs some 930 FTE staff in five Departments. One of these is Environment and Development, within which are both the Property Services Division and the Design Division. The latter Division is responsible for the maintenance of the buildings the Council uses for service delivery.

#### National Context

39 There is also a national context for property management which, whilst recognising the importance of economic development and other reasons for holding property, stresses that property still needs to be managed efficiently.

40 The characteristics of good local authority property management, as embodied in the Audit Commission's April 2000 report 'Hot Property', are that:

- ♦ all areas of asset and property management are included in a corporate perspective;
- ♦ property for operational use is fit-for-purpose;
- ♦ space and energy are used efficiently and property running costs are minimised;
- ♦ property is accessible to customers and staff;
- ♦ councils provide adequate support services to manage assets;
- ♦ non-operational portfolios match the corporate aims of the Council and rate of return is maximised; and

- ♦ the opportunity costs of holding assets in the form of property, rather than in any other form, are challenged.
- 41 All Councils are expected to manage their assets in accordance with an Asset Management Plan. That Plan had to be submitted to the Government in July 2001. Future Government approval of capital spending by a council will depend on the quality of its Asset Management Plan.
- 42 These issues were clearly brought to the Council's attention in a report on their asset management, submitted to the Council by District Audit in September 2000.

#### Operational and Non-operational Property

- 43 Holding property of any kind is largely a discretionary activity in that Councils are not compelled to own most of the property they do own in order to fulfil statutory obligations.
- 44 Carlisle City Council holds both 'operational' and non-operational property.
- 45 Operational property is that which is directly used as a 'home' for service delivery. Examples are administration buildings, leisure centres, works depots and so on. The value of the Council's operational property is £20 million. This does not include the value of the 8,000 residential houses currently owned and managed by the Council. It has been proposed that all these houses be transferred to Riverside Housing Association from December 2002. Substantial parts of the staff of the Council's Housing and Works Departments would also transfer to Riverside, if the proposal were accepted.
- 46 Non-operational property is, for the most part, property that does not 'house' Council services and service units. One definition of non-operational property covers land used for broad community purposes or in furtherance of specific aims, such as parks and gardens or buildings used by the community (such as village or civic halls) or land or buildings used to house services not directly provided by the Council.
- 47 Councils are being encouraged to take an integrated view of their assets and plan to manage all of them.
- 48 Carlisle City Council's non-operational assets are worth approximately £42 million and generate £3.8 million rental income each year. The non-operational portfolio is largely retail and industrial, with little office or agricultural property being owned.

- 49 The following table breaks the annual income down into the major property holding categories.

<b>Box 1. Property Income 2001/02</b>	<b>Total £3.78m</b>
Industrial Estates	£1.71m
The Lanes (including the car park)	£1.49m
General (Old Town Hall & University of Northumbria)	£0.29m
Enterprise Centre, Housing Shops	£0.18m
Market Hall, Civic Centre	£0.11m

- 50 This income is crucial to the City as it comprises over 40 per cent of the Council's total income.

#### Property management and the Property Services Division

- 51 Property management involves:

- ♦ strategic and political direction;
- ♦ the application of property to Council objectives by a variety of Council service arms;
- ♦ corporate approaches to procurement, maintenance, disposal, income and other matters; and
- ♦ the administrative oversight of property information and transactions.

- 52 As a result, we have looked at both the Council's performance as a governing and corporate body responsible for using property wisely and at the performance of the Property Services Division.

- 53 The Property Services Division comprises seven full-time and two part-time staff and costs some £265,000 per annum to run. Until April 2001 it had been a unit within Design Division. Its key roles are to:

- ♦ provide strategic advice on the property portfolio;
- ♦ oversee and manage acquisitions, disposals and developments;
- ♦ conduct valuations; and
- ♦ manage tenancies.

### The best value review

- 54 The review of property services was carried out by a small team of officers within the service, led by the Head of Property Services. There were neither external members nor councillors on the team, but a firm of property surveyors, specialising in local authority work, undertook the Challenge and Compete phases of work under contract. The Best Value Working Group of the Environment Committee oversaw the review. The review began in April 2000 and the final report and improvement plan was approved in July 2001. In September 2000 District Audit, the Council's external auditors, submitted a report on the Council's asset management and preparation of its Asset Management Plan. That Plan was submitted to Government in July 2001, as required.
- 55 A separate best value review of building maintenance has been carried out in parallel with the review of property management. That review was nearing completion at the time of our inspection.

## How good is the Service?

Are the aims clear and challenging?

- 56 Inspectors look to see how a council has agreed the key aims for the service being inspected, how clear these aims are to the people that receive the service and whether these reflect the corporate aims of the organisation as a whole.
- 57 The Corporate Property Policy defines five purposes for which the Council holds property. These are:
- ♦ sustainable corporate support;
  - ♦ income generation;
  - ♦ strategic long-term objectives;
  - ♦ economic development; and
  - ♦ environmental improvement.
- 58 To this combined set of broad objectives, the Property Services Business Plan 2001/02 adds five service objectives:

### **Box 2. Property Service Objectives**

- ♦ Assisting with development and regeneration.
- ♦ Undertaking best practice estates and asset management.
- ♦ Sustaining and enhancing rental income.
- ♦ Identifying surplus assets to maximise capital receipts.
- ♦ Investing in a qualitative and sustainable property portfolio.

- 59 These Service objectives are not clearly linked to the five purposes listed in the Corporate Property Policy (paragraph 57 above).
- 60 They also mix desired outcomes relating to the purposes for holding property (e.g. assisting with development and regeneration) with organisational outputs and processes (e.g. identifying surplus assets to maximise capital receipts).

- 61 These two statements of Policy and Objectives have both been approved by both the Corporate Management Team and elected members at various times in the last six months.
- 62 The best value review report and Asset Management Plan have also been approved in this period, and yet the reasons for holding property, the strategy for managing it and the organisational/service objectives for administering it remain confused.
- 63 Despite the confusion in written aims, Councillors and officers alike were clear that property had originally been acquired for economic development, for amenity benefit and for other purposes. However, nearly all felt or recognised that the generation and maximisation of income has become the primary aim.
- 64 Accordingly, we looked for linkage between the original five aims for holding property and the Council's financial aims. We found no clear corporate financial targets relating to property.
- 65 For example, the Business Plan has a target of a 6 per cent Internal Rate of Return (IRR). This measure, unlike a 'simple' rate of return, offsets costs against income. However, that target is unambitious as the current IRR is just over 5 per cent. The only other identified 'targets' anticipate rental growth and ratings savings, both of which are extrapolated from current performance and so are projections, rather than targets.
- 66 The Council's aims for property management are also incomplete, failing to address the purposes and management of amenity land holdings. Nor do they address customer service (to tenants, for example). They also fail to distinguish between aims for operational property and non-operational property.
- 67 The unspecific nature of some of these aims and the lack of targets and measurements relating to their achievement means that we cannot say that the Council's property management aims are clear or challenging.

#### Does the Service meet these aims?

- 68 Having considered the aims the Council has set for a service or function, inspectors make an assessment of how well the Council is performing in meeting these aims. This includes an assessment of performance against specific standards and targets and the Council's approach to measuring whether it is actually delivering what it sets out to do.



- 69 We answer the question of whether the Council meets its aims by firstly addressing the reasons why Council holds property and then each of the five aims in the Business Plan in turn.

Aim 1: Investing in a portfolio to meet the Council's aims

- 70 There is strong evidence that the Council has, in the past, done precisely this.
- 71 One prominent example is the development of The Lanes, a large shopping development in the city centre and its recent extension for a major department store. Further information on this development is provided in **Box 3** under **Aim 2** but to summarise that example, the Council has secured additional private sector investment in the city centre and has enhanced the economic performance of the regional shopping centre, creating extra employment.
- 72 The Lanes development has done more than this, however. Income from the first phase of development was applied to the construction and operation of the Sands Leisure Centre. The Council could not have afforded to develop the Sands without either capital borrowing or a significant rise in Council Tax if it had not had the income from the Lanes.
- 73 An inspection report on the Council's economic development identified other community benefits from the Council's ability to develop its property holdings, including the promotion of higher and further education through the refurbishment of accommodation for the University of Northumbria in the centre of the City. The Council invested £1 million in the development and the University has taken a 25-year lease. An economic analysis conducted by the University in April 1998 demonstrated the positive economic impact the recent expansion of the University has had.
- 74 The Council completed an initial survey of the condition of its properties in 1996/97 and has commenced a survey of the suitability of its holdings for their stated purposes. This second, more strategic survey will also help inform the Council of whether rents should be systematically re-negotiated as opposed to re-negotiated on an opportunistic basis. However, it is only completed for the rural area and for half the urban area. As a result, the Council cannot be sure that its holdings continue to meet their original purposes or, alternatively, that they fulfil its aim of maximising income.
- 75 This latter point is surprising in view of the statements made to us by nearly all the Councillors and officers we spoke to that the portfolio has become 'an end in its own right' – no longer focused on economic development but on generating income.

- 76 Members and officers also acknowledged that the Council had no reserves dedicated to the future acquisition of property for long term needs, whether for economic development or for long term residential growth. There is no policy to guide acquisitions.
- 77 To sum up, the Council possesses a good portfolio and has a record of using property to meet its aims, but has no plan for future investment to allow it to continue to do this.

Aim 2: Assisting with development and regeneration

- 78 In order to meet this aim the Council has established a Development Advisory Group. This Group brings together portfolio-holders and senior staff involved with property, planning and economic development. The Group provides a forum for the development of a 'single voice' for the Council in talking to external organisations, such as the North West Development Agency.
- 79 In addition to the above-mentioned development of Kingmoor Park, the Council has released land for industrial and commercial estates in Kingstown and, earlier, on the Durranshill, Willowholme and other estates. In all of these areas it has made land available under a form of lease known as ground rent, under which tenants pay rent on the land and certain services to it but construct their own buildings, which theoretically revert to the Council at the end of the lease. Generally, however, leases are long term and are renewed at regular intervals.
- 80 In addition to the significant employment concentrated on these estates, the Council has also established small workshops. These are granted on short-term (three-year) leases to encourage new, small companies, for which a longer lease may be too great a commitment, to set up in the area.
- 81 The Council has also tried to ensure that its property continues to contribute to economic development after the completion of estates through:
- ♦ providing 'Easy In-Easy Out' leases at both the Enterprise and Irthing Centres in order to encourage start-ups;
  - ♦ providing management advice at the Enterprise Centre; and
  - ♦ re-leasing sites at Durranshill Industrial Estate with conditions that resulted in the upgrading of the buildings on those sites, which in turn led to the strengthening of businesses on the estate through improved business confidence and greater asset value.

**Box 3. Case Study: The Lanes**

The Council owned a large part of the site for The Lanes and used its powers to assemble the rest of the land required. It then entered into a partnership with the private sector to develop the land. The outcome was a significantly improved retail offer in Carlisle, which according to anecdotal evidence, was previously run-down. The development also produces a significant income for the Council.

In 1996 the Council brokered, with a property investor, a £32 million extension to the Lanes shopping centre for a large department store which created approximately 300 new jobs.

The city centre continues to grow, with an estimated 4 per cent increase in floor-space between 1997 and 1998. Independent analysts estimate that the recent developments will result in approximately £75 million of additional retail expenditure in the next five years.

**Aim 3: Investing to sustain the portfolio**

- 82 It would seem from the above that the Council both invested and acted in order to sustain the economic development of the Council area. However, there is far less evidence to indicate that the Council has invested in the portfolio itself in a manner which will enable it to continue making its historic contribution to developmental or other aims.
- 83 At the time of our inspection, the Council had not established a fund to enable it to maintain or enhance its property assets via:
- ♦ industrial estate road maintenance;
  - ♦ directional signage;
  - ♦ marketing; or
  - ♦ enhanced security measures, such as CCTV (which the Council had proposed should be funded by tenants).
- 84 A proposal was made in 1996 to establish such a fund (with an initial £200,000 plus £50,000 per year thereafter) but this was not accepted.

- 85 More significantly, there is considerable evidence of historic under-maintenance. For example, we found unadopted roads, most in very poor condition, on the industrial estates we visited. We were also struck by the absence of marketing and directional signage and other information on sites such as Kingstown, a situation that contrasts markedly with the nearby joint Council-private sector development, Kingmoor Park.
- 86 The Council's own surveys have indicated that 50 per cent of its economic development properties were in 'poor' condition.
- 87 Property agents told us that the result of this failure to re-invest in the existing portfolio was that the worth of the portfolio itself was declining along with its condition and that the worth of the businesses which Council had once stimulated was also declining as their physical fabric deteriorated.
- 88 The Council has consciously acquired property in the post-war period for development purposes. When we asked how this would happen in the future, we were told that:
- ♦ the Council would acquire property as required for specific development projects (such as the Lanes extension); and that
  - ♦ property will not be the 'prime mover' of development in future; rather, communications bandwidth and IT expertise will fuel developments, which could have little call on land.
- 89 We accept both these points, but remain concerned that there is no clear picture of the part property will play in the Council's development strategies for, say, the year 2020.

Aim 4: Best practice estate and asset management

- 90 The Property Services Division bears primary responsibility for the achievement of this aim. The unit has carried out surveys of the condition of the Council's commercial properties. The last major survey was carried out in 1996/97. Some of this work was repeated for potential leisure outsourcing in 2001. As noted earlier, the Division has commenced a further survey which will inform the Asset Management Plan which the Council commissioned in 2001. That survey and Plan will form the basis for both a planned maintenance regime and a programme of asset disposal.
- 91 In general, poor data on property holdings impedes strategic decision-making, especially about disposals and maintenance budgets. This lack of data is in turn reflected in the Asset Management Plan which, although accepted by DTLR, still requires a lot of detail to be filled in.

- 92 **Advice to other Council departments.** The Property Services Division provides advice on property management matters to other departments which currently 'hold' property on behalf of the Council. In the course of the best value review staff were surveyed on their satisfaction with these services. The responses were overwhelmingly complimentary of the quality of service provided by the unit.
- 93 **Tenant Relations.** We are concerned that the Property Services Division has not yet come to terms with tenant liaison. The Economic Development Unit, which was previously responsible for the management of the Industrial Estates, ran a liaison group for the Kingstown Industrial Estate tenants, but to date Property Services has not re-convened this group, nor established any other. Its inexperience in this regard was reflected in the poor organisation of a focus group of tenants that we had wanted to meet during our inspection.
- 94 **Information Technology** is applied to the work of the Division but not consistently, and the technology used is somewhat behind the times. There are two significant limitations to data management.
- ♦ The City Treasury maintains the Asset Register, which holds the potential for divided, duplicated and confused relations with tenants.
  - ♦ The Division works with a paper terrier, rather than a property-based geographic information system (GIS), and with only the most basic mapping tools.

A comprehensive database of property information, which can be used to plan maintenance, rent reviews and disposals is an (acknowledged) urgent need. This should be interfaced with a single, corporately managed GIS.

- 95 **Organisation of property management.** There are several weaknesses in the organisation of property management.
- ♦ Councillors we spoke to were uncertain about which portfolio-holder was responsible for which aspects of property.
  - ♦ There is no single officer responsible for all property management. The Property Services Manager is responsible for most non-operational property, but there is no clear client officer for operational property. The implications of this are that there is no-one keeping an oversight of the use of space by departments, of the economies of energy usage and of planned maintenance.

- ♦ Even within non-operational property, Economic Development Unit is responsible for the property aspects of the Enterprise Centre and the Irthing Centre, as well as for the provision of business advice to the tenants of those units.

All of these areas of confusion need to be cleared up. This is to ensure that property is considered as a significant corporate resource, and that decisions that affect the efficiency of use of property and the medium- and long-term development of property are taken in a timely way by well informed officers and councillors.

#### Aim 5: Sustain and enhance rental income

- 96 The income earned from each type of non-operational property was identified in Box 1, on page 15.
- 97 As will be seen later when comparing performance, Carlisle receives a 'simple' rate of return of 9.1 per cent, which is average for the Historic Cities Group with which the Council benchmarked its property services.
- 98 This rate of return emanates from what the consultants we spoke to feel is a very good portfolio, being one which involves relatively new retail properties and one which is largely unconstrained by Listed Building status, something which limits marketability in other Historic Cities.
- 99 One way of enhancing rental income is to negotiate property enhancements which, in turn, help to raise property values and flow into increased rents. Whilst this has been done at Durrhill (see paragraph 81), it is not being done systematically.
- 100 The Service has, however, attempted to review existing rents both regularly and opportunistically (e.g. as tenants request extensions to lease terms or when leases are sold or otherwise transferred). Newer leases call for five-yearly review, but older leases may have very low rents and no provision for rent reviews, or only very infrequent reviews (intervals up to 28 years). The Division's willingness to take every opportunity to review individual leases is good commercial practice.
- 101 We are concerned that the balance is more towards opportunistic review than strategic review and that the Council's Letting Policy, established in 1985, has not been updated since.

#### Aim 6: Maximise capital receipts through surplus assets

- 102 A similar lack of strategic emphasis and review affects our judgement of the Council's performance of this aim.

- 103 Once again, the Council has performed creditably in seizing its opportunities to sell land as they are presented to it, with the sale of the Carlisle Airport for some £1 million gross being the prime example.
- 104 However, it has still not established criteria against which it can make decisions to retain or dispose of property. Nor has it completed the review of future use, which would inform such a set of criteria and a strategy for disposal, with only 50 per cent of urban properties having been reviewed.
- 105 When we raised this matter with Council managers, we were assured that there was no underlying strategy to 'hang on to property', just no time to progress opportunities to sell surplus property.
- 106 This is open to question. Identifying the kinds of land which have fulfilled their original aims and which currently return little income is not difficult. For example, we were very quickly able to identify two whole estates (Durranshill and Willowholme) which generate rents of only £30,000 and £25,000 per year respectively. These estates house a number of businesses which have attempted to purchase their leased land in order to be able to raise loan capital from their banks, who require a longer tenure than some of the businesses have remaining on their leases.
- 107 The Council is effectively hanging on to the estate freeholds, contrary to the wishes of some tenants. This seems to be contrary to one of the Council's primary aims – to stimulate further economic development.
- 108 Of course, the Council is also denying itself capital receipts from such sales. We appreciate that this may be for valid reasons:
- ♦ awaiting an upturn in property values before selling (unlikely on run-down, poorly maintained estates); or
  - ♦ to minimise the impact on revenue and borrowing entitlements of Government formulae for the retention of capital receipts, by waiting for a 'capital receipts' holiday before disposing of assets.
- 109 Whilst we have some sympathy with such tactics, they will work well only if councils have prepared a clear disposals strategy and are able to implement it if capital receipts restrictions are lifted. Carlisle has not put itself in a position where it can do this.

## How does the Service compare?

110 To judge the quality of a service it is important to compare the performance of that service against other suppliers across a range of sectors. The aim is less that of exact comparison, more that of exploration of how similar services (or elements of services) perform in order to identify significant differences, the reasons for them, and the extent to which improvements are required.

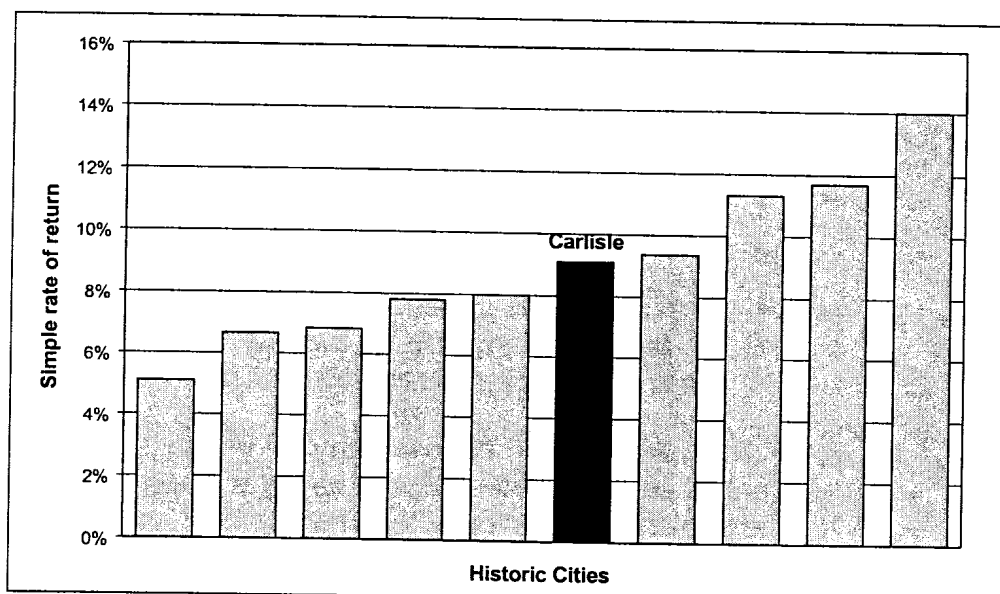
111 In comparison to the ten 'Historic Cities' (see Appendix 1) that Carlisle has benchmarked itself against, the City has:

- ♦ the highest efficiency of rent collection;
- ♦ a rate of return on investment that is average; and
- ♦ very low management costs per £1 million of rental income.

112 We note in relation to this latter point that the portfolio is relatively cheap to administer by its nature and that the management costs of the major single income earner (The Lanes) are borne by the managing agent, rather than by the Council, which receives income net of management costs.

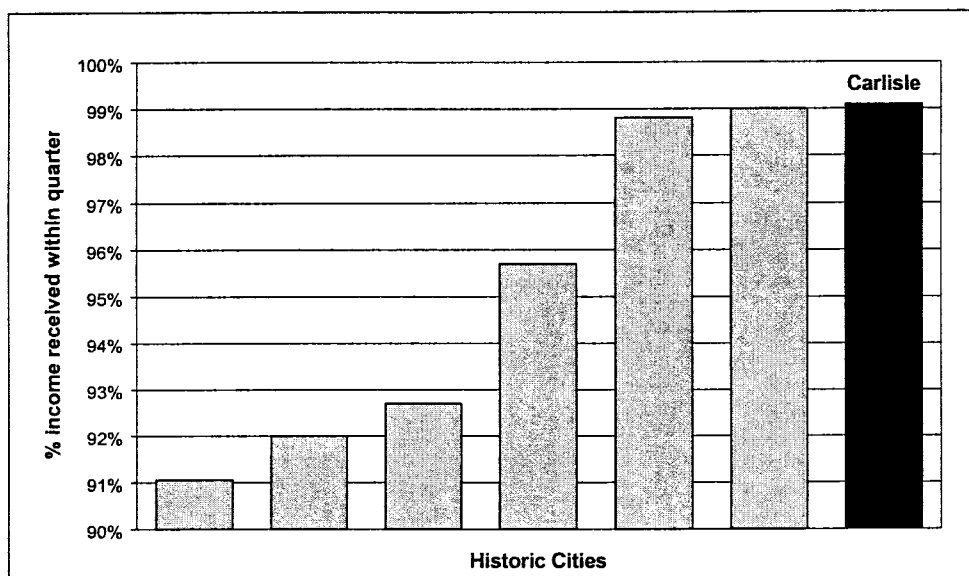
113 The graphs below compare return on investment and efficiency of rent collection within the Historic Cities Group.

### Simple rate of return on investment 2000/01



Source: Historic Cities Property Benchmarking Group



**Efficiency of collection of rent 2000/01**

Source: Historic Cities Property Benchmarking Group

114 We are unable to compare customer satisfaction (because no data has been collected on that measure) or property condition or maintenance (because the data for these has been aggregated across operational and non-operational properties).

### Summary: How good is the Service?

115 The Council's aims for property management are inconsistently expressed and are incomplete, failing to address the purposes and management of amenity land holdings or address customer service, or to distinguish between operational property and non-operational property. The aims are not challenging because they are unspecific and lack quantitative measures and targets.

116 There is a variable record of meeting the aims.

- ♦ The Council has a good commercial portfolio but it has no clear plans to maintain this in the future. The Property Service itself contributes successfully, but passively, to economic development.
- ♦ The Council has sold some properties but does not have a strategy for disposals. The Council's performance on rent reviews is better. The Property unit has responded to opportunities to renegotiate leases when opportunities arise and has received improved rents as a result.

117 In comparison to similar councils Carlisle City Council is very efficient at collecting rent and has low property management costs. The rate of return on commercial property is average.

118 We feel that the property services unit's effort has been reasonable within the budget available over recent years but that overall, the Council's property management performance is **fair**.

## How likely is the Service to improve?

### Does the best value review drive improvement?

- 119 The best value review is the mechanism for ensuring authorities deliver continuous improvement in the services they provide.
- 120 A Best Value Review Working Group of Members of the Environment Committee oversaw the BVR. That Working Group assumed from the outset that the review was to be concerned with non-operational property only.
- 121 Councillors received progress reports from the Review Manager and the Working Group but the members we spoke to all felt that the Working Group had had insufficient input to the Review.
- 122 Although the Council's Best Value Review Manual was available to guide the review process, concerns were expressed by some staff participating in the review about the lack of rigour being applied to the process. Despite this, it is clear that the best value review has focused councillors and the Corporate Management Team on property issues and established the strategic importance of property.
- 123 The consultants who prepared the 'Compete' and 'Challenge' components of the review identified five key weaknesses in the Council's management of (non-operational) property, all of which pointed to the 'need to increase the importance of ... the Property Management Service'. Those weaknesses were:
- ♦ fragmented data management;
  - ♦ no clear client;
  - ♦ insufficient staff;
  - ♦ inefficient clerical support; and
  - ♦ property not seen as important at corporate level.
- 124 The third and fourth of these points seem to us to have been addressed by the Council but, in our opinion, the others remain telling weaknesses.

## Challenge

- 125 The scope of the best value review was largely limited to the management of the commercial component of the non-operational portfolio. Even then it excluded some significant components of the non-operational property portfolio (amenity holdings, car parking).
- 126 The review focussed very much on the internal workings and resourcing of the Property Services Unit and as a result, did not pose some of the strategic questions we have outlined above and which are relevant to an assessment of the whole Council's overall management of commercial property. The Council has not challenged the outcomes sought or achieved from property management.
- 127 Nor did it pose a fundamental challenge to such things as property running costs or opportunity costs or net rate of return. There was little or no consideration of whether some or all of the service should be stopped, nor whether a different method/scope of delivery would be preferable.
- 128 As we have noted earlier, the review failed to address customer relations and liaison except in relation to internal clients, of whom there are few.
- 129 Our major concern about the scope of the review was its exclusion of operational assets. We felt that was particularly serious in the light of the recommendations of the District Audit Asset Management report, delivered to the Council during the review. That report identified major issues about energy and space use that should have been addressed in this review or in the parallel property maintenance BVR.
- 130 These deficiencies highlight a confused and divided approach to property management on the part of the Council as a whole.
- 131 We recognise that District Audit's recommendations were reproduced in the Improvement Plan to the best value review (see below) but not in the detail which would have satisfied us that they had been fully understood, costed and committed to.
- 132 The review did not address the future of the Council's main administrative building – the Civic Centre. Already two of its ten floors are leased to the County Council. If, as seems probable, the City Council's housing stock is transferred to a housing association in December 2002, Housing Department staff will vacate about one and half floors of the Civic Centre. The Council has already committed to re-thinking its use of the Civic Centre. However, those matters were not considered in the best value review.

133 Neither the property services review nor the maintenance review addressed major joint issues such as:

- ♦ maintenance planning as part of overall asset management;
- ♦ data management (e.g. on maintenance costs); and
- ♦ any plans to advance GIS-based asset management.

There are no plans for further reviews of property issues within the current five-year best value review programme.

134 Without these issues being addressed, or plans progressed, it is hard to see how assets can be managed effectively and certainly not in accordance with the national guidance established in the Audit Commission's report 'Hot Property'. The lack of any consistent plans for a property-based GIS which could be used by all services of the Council is particularly worrying in the light of the Council's historical failure to identify asset condition, lease conditions and location.

#### Comparisons

135 It is very encouraging that Carlisle established the benchmarking activities with other historic cities, property benchmarking being the first such joint exercise. The group compared data on staffing levels, condition, management costs and other factors. There are, however, limitations in the comparisons made.

- ♦ Most of this data is aggregated for operational and non-operational property and so is inappropriate for this review (non-operational property only); for example, maintenance costs are dominated by those for operational property, but these costs are cited in relation to non-operational property.
- ♦ Management costs omit rent collection costs.
- ♦ Carlisle's management costs exclude those relating to some 40 per cent of its rental income, as they are borne by agents.
- ♦ No robust comparisons were made with the private sector.

136 Finally, a test of the meaningfulness of comparison is the lessons that a Council learns from it. Carlisle held discussions with three other authorities which identified opportunities for improvement:

- ♦ asset investment fund (Chester);
- ♦ tenant consultation (Bedford, three meetings);
- ♦ lease management (Allerdale);

and planned discussions (with Wrexham, Exeter and Canterbury) will inform IT developments.

- 137 However, not only have no learning links been established with geographic neighbours, but the above discussions have not yet resulted in meaningful change – after three meetings with Bedford on tenant consultation, no plans for improved consultation were in place at the time of our inspection.

#### Consultation

- 138 The review team consulted with councillors and staff via a written survey. This was pitched at internal officer users and produced 55 returns. Councillors told us that they found it of little relevance to them.
- 139 Despite this orientation to internal users of this external service, there was little more involvement and consultation with other services. For example, despite recent transfer of responsibility for industrial land to the Unit from the Economic Development Unit (EDU), there was limited involvement in the review by EDU staff over such matters as the history of tenant liaison.
- 140 Although Team Improvement Review meetings are held as part of the Council's Investors in People programme, there was no formal consultation with the Property Services Team. Nor was there consultation with the staff responsible for the maintenance of operational property, tenants, Cumbria County Council, local estate agents or private sector landlords.
- 141 Neither the Council nor the Division has a consultation strategy in place to use as a basis for the review consultation. We found little evidence of ongoing consultation with stakeholders either in the course of the review or generally.
- 142 The focus of the consultation that did occur was on the performance of the existing services rather than on more strategic issues in relation to the Council's expenditure on the service and on the future expectations of the potential users. The available evidence does not clarify the extent to which users and non-users views really influence the service development and operation, or indeed are used in target setting in the Service Plan.
- 143 We conclude that the review consultation could have been improved in both range and depth of content.

## Competition

144 The Council undertook market testing through consultants. However, this was through a 'soft' market test. The test was to seek prices from seven companies, all associated with the Council in one way or the other, for the provision of the whole property management function.

145 The 'prices' obtained ranged from £400,000 to £600,000 per year, well above the Unit's costs to the Council, but we cannot be certain that they tell us a great deal for several reasons.

- ♦ Several companies did not give sufficient evidence to form an estimate.
- ♦ Only the whole function was tested whereas a different result may have been obtained if the components most attractive to the private sector had been priced separately.
- ♦ Some companies declined to 'bid' for any of the services.
- ♦ This was not regarded as a serious competition by the 'bidders'.

146 We appreciate that Carlisle's remoteness from the major regional centres of Manchester or Leeds adds to costs for major providers of property management. In that context, the outcome – that the in-house function provides the lowest cost solution – is probably correct, even though the method of its demonstration was not robust.

147 What was more regrettable was that the review did not examine the opportunities for joint commissioning with other local authorities. However, this deficiency is being remedied, with Carlisle tendering to provide property management services to a neighbouring Council since the end of the review.

## How good is the Improvement Plan?

148 A best value review should produce an improvement plan that sets out what needs to improve, why, and how that improvement will be delivered. It should contain targets which are not only challenging but also designed to demonstrate and ensure the continuous improvement necessary to put the service amongst the top 25 per cent of councils within five years.

149 The major components of the improvement plan are:

- ♦ clarification of responsibilities and reporting arrangements;
- ♦ clarification of policy objectives;

- ♦ provision of resources to implement the asset management plan;
- ♦ acquire and commission a property database;
- ♦ improve performance management, through indicators; and
- ♦ improve various aspects of management of operational property.

150 As noted earlier, the Improvement Plan incorporates District Audit's recommendations but does not progress the operational/non-operational integration that was recommended by them.

151 However, only one of the Actions identified in the Improvement Plan is about improved service for clients (the establishment of a One-Stop Shop for information about commercial property for developers). Forty per cent of the actions are about organisational change and thirty per cent about improved effectiveness (largely in the form of increased income). This balance is of concern to us as this is not only a commercial service, but also a customer and community-facing one.

152 The dates given for the completion of tasks are in some cases quite late. For example:

- ♦ the Performance Management system for the Division is not due to operate until March 2002;
- ♦ the proposed new property database is not due to be bought until March 2002, let alone populated with data; and
- ♦ the Consultation Focus Group that is proposed to stimulate liaison with customers is not to be held until April 2003.

153 For progress on the plan to be monitored, there must be clarity about who is to do what and by when. The plan shows a lack of individual accountability. Furthermore, dates are given only to the nearest year. Even for the earlier actions, specific months are not given. The Improvement Plan has not been adequately costed.

154 The Plan is not only weak on the outcomes desired, but also it contains few performance indicators. Some of those that are specified are inappropriately defined. For example, the timeliness of rent reviews is to be assessed as the proportion completed within the financial year, an inappropriate indicator given the spread of dates on which reviews fall due. We suggest that the proportion of reviews completed within three months of their due dates is a more sensible measure.



155 As mentioned earlier, at the time of the inspection, none of the property Performance Indicators (pPIs) specified by the DTLR had been calculated, so improvement targets would have had little meaning. Those targets which were set out in the Plan were already either confused or of little value, however. The Plan showed a confusion between the targeted Simple Rate of Return (gross income divided by asset value) and the Internal Rate of Return target (income net of predicted outgoings over 20 years, discounted to present values, divided by asset value).

156 Targets for extra income to the Division were also poorly expressed. They were actually cumulative figures reflecting simple estimates of returns that are already being achieved.

157 In summary, we think that the improvement plan:

- ♦ addresses the weaknesses of organisation and resources identified in the review;
- ♦ proposes actions that should improve the income to the Council; but
- ♦ lacks a clear vision of the intended outcomes, and robust performance measures together with challenging targets; and
- ♦ provides virtually no improvements in the services to either internal or external clients.

Will the Council deliver the improvements?

158 Inspectors look for evidence that a council will deliver what it has set out in the improvement plan. We look for a track record of managing change within the council and, where possible, within the service itself. We also check that the plan has the necessary support from councillors, management, staff, service users and other stakeholders.

Corporate Context

159 Evidence exists of the Council's ability to deliver 'step change' and to work with external partners on the delivery of change and improvements.

- 160 The Council has embarked on a major programme of change targeted at improving the social, economic and environmental quality of life for the district population. As well as the restructuring of the Council, other projects within this programme include the Gateway City Millennium Project, housing stock transfer, sale of Carlisle Airport, transport improvements, regeneration of brown field industrial development sites, and implementation of a rural strategy to achieve improvements outside the city area.
- 161 To support this programme of change, the Council appointed a new Chief Executive towards the end of 2000. He serves with a still-new administration which was elected in 1999 and which commenced a new Cabinet structure in September 2001. It is also clear that the Council wants to be good at property management and that there is consensus support for several of the improvements that the Council needs to make if it is to become a better property manager.
- 162 The Council has Investors in People accreditation and so has a programme of Personal Development Interviews and Team Improvement Reviews. However, there are few Performance Indicators for the Property Service and the Council as a whole does not yet have a thorough, reliable, Council-wide performance Management system in place. Quarterly reporting of performance is well established but feed-down from monitoring reports has been minimal across the Council as a whole and no feedback has been received for the property service hitherto.

#### Property Service context

- 163 The Property Service does have the benefit of a Director who is being progressively freed up from the work commitment of the Millennium Project, together with a dynamic head of service and a recently expanded team. Both the team and the service head have the strong endorsement of the elected members.
- 164 This confidence is reflected in the commitment of £100,000 to fund a new IT system for the service and the addition of the necessary data.
- 165 However, apart from this commitment, the evidence for probable improvement is patchy.
- 166 The Council has a track record of completing major projects such as the Lanes Extension, the airport sale and the public-private sector partnership for Kingmoor Park but does not have a track record of strategic review or disposal of properties. Both Councillors and officers expressed the view that the Council was better at projects than long-term planning and delivery.

- 167 The Council has not provided the Service with a strategic context for its operation. Nor has the Council provided a clear budgetary framework for property management.
- 168 The Review has helped to focus the attention of both members and officers on property management and a number of proposals seem to signal the possibility of new approaches. For example, an asset management fund has been proposed and the Council seems willing to contemplate operating Property Services as a trading entity which is permitted to keep a percentage of increased income to maintain and enhance the portfolio, or to increase staffing. However, neither that general principle nor a specific percentage of increased revenues has been ratified by the Executive or by the full Council.
- 169 Large Scale Voluntary Transfer of housing stock could command significant resources at both the corporate level and from within the property team. This could affect the Service's capacity to address any new role or agenda.
- 170 The team itself has increased its level of both resources and professionalism in recent times and the staff themselves feel that they provide a good service. Although Team Improvement Reviews are held, we found evidence of a lack of empowerment of staff and inadequate ownership of the future direction of the unit.
- 171 Following our Interim Challenge, the Chief Executive presented a number of recommendations to the Executive designed to improve the management of Council property. Among these were proposals:
- ♦ that all property held or used by the Council is to be considered a corporate resource and managed on a central and strategic basis;
  - ♦ for the commissioning of a new corporate strategy and policy statement for both operational and non-operational property, and that the new strategy is used as the basis for a fundamental test to be applied to each property asset to determine its future;
  - ♦ that a sum be identified to support the property strategy and core fund the Corporate Property Division;
  - ♦ to create a free-standing officer team integrating property management and maintenance;
  - ♦ to establish three Customer Forums to inform strategy and provide a platform for consultation of customers;
  - ♦ for a revised set of financial and performance indicators, the details of which will be included within the strategy; and

- ♦ for a revised Best Value Improvement Plan to be produced with the assistance of Overview and Scrutiny Corporate Resources Committee.

172 The Chief Executive's report also envisaged the 'creation of a significant asset management fund to an amount to be determined within the budget process (say £200,000 per year) for the delivery of the proposed strategy'.

173 These proposals address many of the recommendations that emanated from our inspection. We were pleased to note the commitment to carry out a further review of all property, both the operational and the non-operational. We were also pleased to see that officer responsibility for property is to be clarified.

174 However, none of the previous reports that have been put to the Council on related matters, including the Asset Management Plan, the District Audit report and the Best Value Review Report itself had resulted in delivery of the changes required.

175 Further, the recommendations contained in this most recent report were unspecific in some key areas or fell short of clear commitment. The following are examples.

- ♦ No specific sum was proposed for the Asset Management Fund other than one of 'say £200,000' (about one twentieth of the revenue yield from the properties).
- ♦ Expanded tenant consultation was re-addressed but no new urgency was imparted.
- ♦ A new strategy is to be prepared and used to underpin retain/dispose decisions, but no timescale is specified.
- ♦ A new Improvement Plan is to be produced but it has not yet been prepared nor have any new timescales been committed to.
- ♦ A suite of outline PIs was offered, but no targets were committed to.

176 In response to these recommendations, the Executive agreed to:

- ♦ an allocation of £100,000 of capital funding for new database software, work with tenants groups and studies on the future of the Civic Centre;
- ♦ a formula for the application of part of receipts from sales of property to support the Asset Management Plan; and

- ♦ a revised method for budgeting for the Property Services Division.

177 We are pleased to note that the Council is committing some additional resources towards securing the property management function, and towards sustaining the assets themselves. However:

- ♦ the magnitude of the funds that may be generated by disposals is unclear in the absence of an agreed disposals strategy; and
- ♦ the use to which those funds will be put is only loosely specified.

The revision to the budgeting and recharging arrangements will not yield additional funds.

178 Whilst some additional improvements have been committed to, they do not provide clear evidence of challenging target-setting, revised improvement planning or of unambiguous decisions to sustain the assets.

#### Summary: How likely is the Service to improve?

179 The Best Value Review has focused the Council on property issues and established the strategic importance of property. However, its scope was limited by not including all property and the four Cs were not used to full effectiveness to identify opportunities for improvement.

180 The Improvement Plan focuses on internal organisation, outputs and processes and not on customers and outcomes. Targets are neither SMART nor challenging.

181 There is a strengthened Executive, Corporate Management and Property Services team. However, there is no formal commitment of specific amounts of money to sustain the assets, policy for disposals, or integration of oversight of all property, and the failure of proposals in 1996 to establish an asset 'maintenance fund' leads us to be cautious about prospects.

182 Whilst the response to the Interim Challenge has been positive in terms of Executive commitment, it is not yet translated into Council policy. As a result, we judge that the prospects for improvement are **uncertain**.

## Appendix – What did the Inspectors do?

The purpose of best value inspection is to make two judgements. The first is, how good is the service being inspected? The second is, how likely is it to improve? We carried out a range of different activities to enable us to reach our judgements.

### Historic Cities compared against

The ten cities against which Carlisle has compared its property services are:

Canterbury	Cheltenham
Chester	Exeter
Gloucester	Ipswich
Lancaster	Lincoln
Worcester	York

### Documents examined

We reviewed a range of documents provided by the Council. These included the following.

#### **Carlisle City Council: Corporate**

- ♦ Best Value Performance Plan, 2001/02, March 2001
- ♦ Revenue Estimates, 2001/02
- ♦ Capital Programme, 2000/01 to 2002/03
- ♦ Capital Strategy, 2001
- ♦ Procurement Strategy, (Draft), 2001
- ♦ Corporate Property Policy, April 2001
- ♦ City Vision (Draft), July 2001
- ♦ Portfolios: Summary of functions, September 2001
- ♦ Best Value Review of Municipal Maintenance (Draft), October 2001

**Carlisle City Council: Best Value Review**

- ♦ Questionnaire for officers and Councillors, 2000
- ♦ Historic Cities benchmarking data, 2000
- ♦ Best Value Review of Property Services (including reports from consultants), March 2001
- ♦ Best Value Review of Property Services: Scrutiny Report, August 2001

**Carlisle City Council: Property Services**

- ♦ Map showing location of Council property holdings
- ♦ Lettings Policy, 1985
- ♦ Carlisle Retail Study, CB Hillier Parker, August 2000
- ♦ Business Plan 2001 to 2004, March 2001, updated July 2001
- ♦ Asset Management Plan 2001 to 2004, July 2001
- ♦ Condition Survey, Sands Leisure Centre, August 2001
- ♦ Property Services Service Level Agreement, September 2001
- ♦ Association of Chief Estate Surveyors benchmarking data, November 2001
- ♦ Chief Executive's report to the Executive, 26 November 2001

**District Audit**

Report of Value for Money Review of Asset Management, September 2000

Management Letter, December 2000

Audit Report on Best Value Performance Plan March 2001, June 2001

**Reality checks undertaken**

Before and during our site inspection we carried out a number of different checks building on the work described above in order to get a full picture of how good the service is. These on site 'reality checks' were designed to gather evidence about what it is like to use the service and see how well it works on the ground. We also followed up on issues relating to the management of the review and the improvements flowing from it.

Our reality checks included visits to:

- ♦ Durranhill Industrial Estate
- ♦ Enterprise Centre
- ♦ Greymoor Hill Industrial Estate
- ♦ Kingmoor Park development
- ♦ Kingstown Industrial Estate
- ♦ Lord Street workshops
- ♦ Market Hall
- ♦ Morton Community Centre
- ♦ Parkhouse Industrial Estate
- ♦ Rose Hill Industrial Estate
- ♦ The Lanes
- ♦ Willowholme Industrial Estate

Interviews conducted

We also met with a range of different people involved with the service:

Alan Eales	Head of Planning
Alison Tyers	Terrier Officer, Property Services
Andrew Jones	Partner, BPS Consultants
Angela Brown	Assistant Treasurer
Angela Kidd	Right to Buy Officer, Property Services
Avril Forster	Administrator, Property Services
Cllr Donald Jefferson	Chair, Environment Committee Best Value Working Group
Cllr Ed Firth	Portfolio-holder, Economy
Cllr Geoff Prest	Portfolio-holder, Environment, Infrastructure and Transport
Cllr Heather Bradley	Leader of Labour Group
Cllr John Stevenson	Portfolio-holder, Resources
Cllr Mary Styth	Labour
David Atkinson	Property Services Manager
David Beatty	Acting Head of Economic Development



David Ingham	Regeneration Manager, Cumbria County Council
Doug Thomas	City Treasurer
Duncan Fone	Head of Design Division
Frankie White	Senior Technical Assistant, Property Services
Gordon Nicholson	Building Surveying Manager, Environment and Development
Ian Beckett	Internal Audit Manager
John Egan	City Solicitor
John Robinson	Facilities Manager, Works Department
Mike Battersby	Director of Environment and Development
Mike Walton	Walton, Surveyors
Pamela Winskill	Clerical Assistant, Property Services
Peter Cowen	Carigiet Cowen, Surveyors
Peter Stybelski	Chief Executive
Richard McGahon	Audit Manager, District Audit
Raymond Simmons	Senior Estates Officer, Property Services
Stephen Vertigans	Performance Officer
Tenant	Kingstown Industrial Estate
Val Conway	Partner, BPS Consultants
Validis Stakle	Assistant Estates Officer, Property Services
Wanda Rossiter	Specialist, District Audit



**Key**

Priority • • • • • High • • • Medium • • Low

Date 00.00.00 Target completion date 00.00.00 Actual completion date

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R1 Property assets should be considered as a strategic resource to be actively managed at both a corporate and a service level in order that land and buildings play their full part in contributing to the achievement of the key corporate goals.	• • •	Chief Executive	✓	The Council's Executive agreed on 26 November 2001 that all property held or used by the Council is a corporate resource and is now managed on a central and strategic basis.	26/11/01
R2 The Councils energy efficiency policy should be integrated into the Council's proposed Asset Management Plan.	•	Head of Design		Internal team established to achieve this as part of Asset Management Officer Group.  The commitment to promote energy efficiency throughout its operations has been made to the Energy Efficiency Office. The first phase of work has targeted sites that have high-energy usage through the nature of operations, eg swimming baths. The entire portfolio will be improved within the next 5 years through the integration of this policy within the AMP and the improved management and funding regimes associated with it.	01/02/02  01/03/06
R3 The Council needs to develop a detailed project plan for preparing its Asset Management Plan, hence ensuring its timely implementation, in line with DTLR guidance.	• • •	Head of Property	✓	DTLR awarded it "good" with a commendation of approach – see attached letter.  The 02/03 Asset Management Plan shall be prepared in the light of new DTLR Guidance. It is scheduled in the Council's Forward Plan for the Executive meeting on 29 July 2002.	31/07/01  31/07/02

## APPENDIX B

### Best Value Action Plan April 2002

**Key**    Priority    • • • • • High    • • • Medium    • Low

Date    00.00.00    Target completion date    00.00.00    Actual completion date

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R4	• • •	Head of Property & Head of Design		<p>1. Trading Account system established with a surplus of £30,000 achieved in 01/02.</p> <p>2. Asset Development Surveyor appointed.</p> <p>3. The base budget for Property Management resources is increased as follows: 2002/3 - £57,000; 2003/4 £117,000; 2004/5 - £177,000.</p> <p>4. Condition surveys undertaken for all operational property 97/98 being reviewed for revised programme over 5 years, to follow CIPFA recommended best practice in connection with quinquennial asset valuation programme.</p>	<p>04/04/01</p> <p>01/01/02</p> <p>04/04/02</p> <p>31/07/03 and onwards</p>
R5	• •	Head of Property	✓	<p>£100,000 allocated for database to be acquired. Corporate Officer Group established – with Property leading. See Appendix C for Database Strategy.</p>	01/01/04

<b>Key</b>	Priority	• • • • High	• • Medium	• Low
	Date	00.00.00	Target completion date	00.00.00 Actual completion date

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R6	Consider the level of property holding the Council needs to deliver it's vision for future services together with the level of funding for repairs and maintenance that this will require. This is likely to have implications for the Council's funding priorities and its asset disposal programme.	• • •	Head of Property	<p>1. Elected members are clearly aware of the need to adjust future years funding to meet the needs of the asset management plan. For example: Property Strategy to be considered as part of Asset Management Plan Year 2 submission.</p> <p>2. The principle that 50% of capital receipts within the total range of £101,000 to £500,000 pa should be applied to support the Asset Management Plan was agreed as part of the Council's budget.</p> <p>3. The Council's funding priorities for 2002/3 reflect the need to invest to meet DDA requirements at an additional funding of £180,000.</p>	29/07/02
R7	Review the current arrangements for reporting to Members to ensure that it is sufficient for them to fulfil their full responsibility in relation to the Council's land and buildings portfolio at both strategic and service level. This will require further consideration as the new political structures develop in line with the Council's modernisation agenda.	• • •	Director of Environment & Development	<p>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. Key reports to the Executive have been included in the Forward Plan.</p>	26/11/01

## APPENDIX B

### Best Value Action Plan April 2002

<b>Key</b>	Priority	• • • • High	• • Medium	• Low
<b>Date</b>	00.00.00	Target completion date	00.00.00	Actual completion date

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R8 Define criteria to be used when rationalising property. It may be appropriate to allocate a minimum sale price against each property and regularly review within the set criteria.	•	Head of Property	✓	Criteria approved by Executive – Surplus Land Guidance Note – linked to Council's corporate objectives.  Surplus sites currently being valued subject to consideration by Executive concerning a marketing strategy in forward plan.	25/03/02  29/07/02
R9 Ensure that all property related issues will be covered within a Best Value review and consider the inclusion of detailed property review questions within the internal review methodology. A Best Value review of how property services are organised may need to go beyond departmental lines.	• • •	Head of Property	✓	Best Value Inspectorate reported "a fair service that has uncertain prospects for improvement".  Overview & Scrutiny Committee are to consider this Action Plan	April 2002  18/04/02
R10 Ensure property issues are included in the Council's programme of consultation so that services consult with the users of their buildings on issues such as quality and access.	• • •	Head of Property	✓	Executive agreed to establish 3 customer forums to inform strategy and parade a platform for meaningful consultation and involvement of customers. Carlisle Chartered Surveyors forum already meet quarterly.  Economic research to identify future business needs for Carlisle. Industrial tenant liaison to be re-established through economic development.	26/11/01  29/07/02

# **APPENDIX B** **Best Value Action Plan April 2002**

Key Priority • • • • High • • • Medium • • Low

Date 00.00.00 Target completion date 00.00.00 Actual completion date

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R11 Ensure that the views of occupiers and staff are consistently identified and properly taken into account in operational property matters.	•	Head of Design	✓	Customer satisfaction surveys will be strengthened to ensure a minimum of one formal survey per property per year. This will be used to validate feedback currently received through regular informal contact with building users into the Asset Management Officer group.	01/03/05
R12 Ensure management responsibilities for all aspects of land and property asset management are clearly defined and allocated.	• • •	Chief Executive	✓	All aspects of land and property asset management to be brought together within a corporate re-structure. Centralised and corporate property management is the preferred model by Overview and Scrutiny and the Executive – currently subject to consultation.	04/08/02
R13 Ensure that the Best Value review process is rigorous in assessing the most effective manner in which to provide property management services across the Council.	• • •	B V Officer	✓	To be achieved when the programme for 2002/3 and beyond is defined.	04/08/02
R14 Challenge the competitiveness (in terms of both cost and quality) of internally and externally provided, property services, as existing contracts come up for renewal and/or as part of Best Value service reviews.	• • •	Head of Property	✓	Test for competitiveness as part of BV Review demonstrated in-house service is the most cost effective by a considerable amount.	04/04/01
R15 Consider the scope to build into longer term contracts the need to deliver continuous improvement.	•	Head of Property	✓	New procurement guidance to be written, to include consultation with the private sector service providers.	01/09/02
R16 Introduce performance indicators and benchmarking for property costs, based on adopting and customising the DTLR suite of Performance Indicators, and regularly report these to the Management team and Members.	• •	Head of Property	✓	All DTLR Performance Indicators incorporated into strategy for 2002 Asset Management Plan as outlined at Appendix D, subject to revised guidance received April 2002.	31/07/02

*Property Services Best Value Review and District Audit Questionnaire*

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R17 Review the budgetary delegation arrangements, to ensure that it provides effective incentives for minimising energy usage.	•	Head of Design	✓	It is proposed to introduce ring-fenced budgets for energy per property with underspends available for use by the building user for improvements to the fabric. This will add incentive for positive energy management to supplement the general awareness initiatives that are undertaken, to be monitored by the Asset Management Officer Group.	01/03/05
R18 Develop space standards for the Council so that there are clear guidelines covering space usage for all groups of staff. To be linked to Performance Indicators.	•	Head of Design	✓	National guidelines are used for general space allocation. Improved space utilisation to be delivered through the introduction of more flexible working patterns as part of the organisational review. Civic Centre asset review to encompass space utilisation in its project, to be considered by the Executive, as outlined in the forward plan.	01/03/04
R19 Develop a set of clear policy objectives for each of the Council's principal non-operational property portfolios which demonstrate how these assets contribute to the corporate or service aims of the Council.	••	Head of Property	✓	Non-operational strategy to agree with Head of Economic Development and then through a consultation process to include the Carlisle Chartered Surveyors forum and business tenants on industrial estates. Asset strategy to be considered by the Executive as identified in the forward plan.	31/07/04



*Property Services Best Value Review and District Audit Questionnaire*

Recommendation	Priority	Responsibility	Agreed	Comments	Date
R20	• • •	Head of Property	✓	Geographical Information System acquired in partnership with the Council's preferred housing partner has digitised all the Council's land ownership Terrier plans into a modernised system for a cost of £16,000.	01/11/01
<ul style="list-style-type: none"> <li>the clear identification of property which is held for financial return as opposed to that which is strategically held</li> <li>gross and net rate of return targets for those assets held for investment rather than policy purposes</li> <li>regular monitoring of returns against the targets</li> <li>formal benchmarking of the net rate of return (after all management and maintenance costs deducted) of all properties held for commercial and investment purposes in order to confirm that the rationale for the property holding remains justified</li> <li>establish performance indicators for the rates of return to demonstrate the proper stewardship of the relevant property portfolios.</li> </ul>	<div style="text-align: center;"> <p>• • •</p> <p>⎵</p> <p>*</p> </div>			<p>Members approved £100,000 Capital Allocation 02/03 for database;</p> <p>Corporate Officer Group established to investigate; with benchmarking of other authorities systems underway</p> <p>Procurement Autumn 02; subject to formal tenders.</p> <p>Interrogation of data – spring / summer 03.</p> <p>Establishment of systems 04</p> <p>* Note: Benchmarking with Historic Cities Property Guild has been annually.</p> <p>For further details see Appendix E – performance indicator strategy and Appendix F for database strategy</p>	04/04/02
					01/11/02
					31/07/03
					01/01/04



### THE PROPERTY SERVICES BEST VALUE REVIEW PROCESS

DATE	REPORT
5 March 2001	Property Services Best Value Review Final Report to Environment Best Value Working Group.
15 June 2001	Best Value – Property Services Business Plan report to Environment Committee (EN 088/01).
2 July 2001	Property Services Business Plan and Asset Management Plan report (in tandem with Capital Strategy) to Policy and Resources Committee (EN 085/01).
16 August 2001	Best Value – the Corporate Property Service Business Plan – Personnel issues to Personnel and Training Sub Committee (EN 087/01).
23 August 2001	Best Value – Property Services Business Plan Restructure (EN 125/01) to Environment Committee.
16 November 2001	Best Value Inspectors' Interim Challenge.
26 November 2001	Corporate Property Management report by the Chief Executive to the Executive.
5 February 2002	Budget resolution of the Executive.
25 March 2002	Asset Management Plan Implementation Surplus Property Guidance Note (EN 039/02) to the Executive Portfolio Area – Finance and Resources.
18 April 2002	This report to Overview & Scrutiny.
25 July 2002	In the Forward Plan – Capital Strategy and Asset Management Plan for consideration by the Executive.





# REPORT TO EXECUTIVE

## PORTFOLIO AREA: FINANCE AND RESOURCES

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**Date of Meeting:** 26 November 2001

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**Public**

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**Key Decision:** No

**Recorded in Forward Plan:** No

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**Outside Policy Framework**

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**Title:** CORPORATE PROPERTY MANAGEMENT

**Report of:** TOWN CLERK AND CHIEF EXECUTIVE

**Report reference:** TC. 234/01

### Summary:

This report identifies a number of corporate and strategic issues to be addressed to improve the management and operation of the Council's Corporate Property.

### Recommendations:

The Executive is requested to recommend the following policy and strategic framework to the Council:

1. Agree that all property held or used by the Council is to be considered a corporate resource and managed on a central and strategic basis.
2. Agree to the commissioning of a new corporate strategy and policy statement for both operational and non-operational property held or used by the Council.
3. Agree that the strategy above is used as the basis for a fundamental test to be applied to each property asset to determine its future.
4. Note as part of the budget process for 2002/03, it is recommended that a financial sum be identified to support the property strategy and that the sum of £177K be identified to core fund the Corporate Property Unit.

**Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers: None**

5.
  - (a) Clarify the responsibility in the Executive for all property related matters (for the Leader to decide).
  - (b) Agree to the principle of a free standing officer team integrating property management and maintenance, the details of which to be concluded within the organisational review following consultation with staff and Trade Unions.
6. Agree to establish 3 Customer Forums to inform strategy and provide a platform for meaningful consultation and involvement of customers.
7. Agree to a revised set of financial and performance indicators the details of which will be included within the strategy.
8. Agree to a revised Best Value Improvement Plan to be produced with the assistance of Overview and Scrutiny Corporate Resources Committee.

**Contact Officer:** Peter Stybelski

**Ext:** 7001

## 1. BACKGROUND INFORMATION AND OPTIONS

- 1.1 Members will be aware that the Best Value Performance Plan 2001/2002 included Best Value Reviews of Corporate Property Management and Building Maintenance. The Best Value Inspectorate is currently inspecting the Property Management Service.
- 1.2 The Best Value process has identified the need for the Executive and Council to radically review the approach to property management. In particular, it is proposed that early consideration is given to a number of further improvement measures to facilitate step change in the Council's approach to property management. Specific improvements are proposed in the following areas.
- 1.3 **Improvement 1** – *That all property held or used by the Council is to be considered a corporate resource and managed on a central and strategic basis.*

The recommendations of the Audit Commission's study 'Hot Property' and advice from the District Auditor and Best Value Inspectorate points to the need to view property as a corporate and strategic resource which should be managed corporately on behalf of the whole Council.

- 1.4 **Improvement 2** - *The commissioning of a new corporate strategy and policy statement for both operational and non-operational property held or used by the Council.*

It is proposed that a strategy is produced to provide a clearer policy context in which property related decisions can be taken concerning the acquisition, management, investment and disposal of property based assets.

For clarification, the Executive is asked to confirm that the prime purpose for which, assets are held by the Council, which is considered to be to support the delivery of the Council's Mission Statement aims, which are reproduced below:

- To enhance the social, economic and environmental quality of life for Carlisle residents now and for the future.
- To make Carlisle a centre of excellence by pursuing the highest standards of public and private sector service and amenities at a cost local citizens can afford.
- To develop equality of opportunity and access to services.
- To encourage the involvement of the community and listen to Carlisle residents.

- To ensure that Carlisle's motto: 'Be Just and Fear Not', is one which all citizens can share.

These aspirations will need to be developed into a series of smart objectives and financial and performance indicators to guide and direct property work in the future.

1.5 In delivering these aspirations the Council's operational and non-operational property assets must additionally:

- Permit service delivery that is appropriate to customer needs in a way which is effective, efficient and economical.
- Meet the financial, investment performance targets set by the Council in pursuit of the better corporate management of the authority.

1.6 Given the high demands on the Property Team at the present time, it is proposed that this strategy should be prepared through the assistance of external advisors, with the results available in good time for consideration within the 2003/04 budget making process.

1.7 **Improvement 3** – *That the strategy above is used as the basis for a fundamental test to be applied to each property asset to determine its future.*

*To establish whether the asset should be:*

- Retained
- Disposed of (or to change use)
- The subject of investment.

For non-operational property the test could be undertaken by reference to a number of criteria to be identified as part of the process of establishing a strategy. The criteria could include:

- Capital value
- Income yield to Council
- Opportunity cost
- Strategic importance
- Amenity value
- Economic development potential
- Investment needs/approach



- Risk assessment

For operational property the test could be undertaken by reference to the following criteria:

- Customer suitability
- Fitness for purpose
- Space allocation
- Operating efficiencies including energy efficiency
- Accessibility - Disability Discrimination Act
- Risk Assessment

The test would be applied after receipt and agreement to the strategy with the outcome reported to the Executive and Council and with involvement of the Corporate Resources Overview & Scrutiny Committee, would be expressed in the Council's Asset Management Plan (AMP) and forward capital and revenue budget process.

**1.8 Improvement 4 – *The identification of a financial sum to support the Property Strategy and that the sum of £177K be identified to core fund the Corporate Property Unit.***

- (a) The creation of a significant asset management fund to an amount to be determined within the budget process (say £200K pa) for the delivery of the proposed strategy (the exact sum to be determined by the Council on the recommendation of the Executive). This sum would represent an initial tranche of the Council's Asset Management Plan, a separate report on which appears elsewhere on the agenda, which will be considered further as part of the capital programme for 2002/03.

The availability of resources is to some extent dependant upon an appropriate level of funding/borrowing allocation from the new Single Capital Pot, on which announcements are expected from the DTLR in early to mid December. In the absence of a significant borrowing allocation under these new arrangements, then the City Council will need to re-prioritise its own spending supported from capital receipts, and possibly in the longer term from revenue, in order to protect and sustain the property portfolio, given its importance in funding total service provision and service delivery.

In the first year the sum would be used to fund improvements already identified in management information systems, the delivery of a strategy and strengthening of the corporate property team. In subsequent years the resource would be applied in accordance with the strategic priorities identified. The precise financial requirement would be clarified once the fundamental test of property to the strategy is undertaken. The result would either be a revised financial allocation or a revised strategy. Additional to this a proportion of the capital receipt of disposals *could be* applied to the strategy but it is suggested that such decisions should be taken as part of the normal budgetary process.

- (b) Core Funding to be applied to the Property Management Team. The current situation is that the unit is partly core funded and partly funded through recharges to HRA and anticipated capital receipts. Core funding would give greater certainty and allow for proper planning and allocation of staffing resources. The estimated cost of core funding the services is £270K pa of which there is a shortfall of approximately £177K (this element is made up of contributions and recharges).
- (c) The financing of the maintenance backlog would be properly determined on the completion of the fundamental test set out in Improvement 3 above.

These recommendations require the Executive to recommend to the Council as part of the budget process for 2002/03 that Corporate Property Services are funded by way of base budgeting. In accordance with the Executives budget principles this will require further assessment of corresponding reductions elsewhere in the Council's services.

**1.9 Improvement 5 – *The clarification of Member and Officer responsibility and accountability for all corporate property decision making.***

There is a need for greater clarity about the responsibility and accountability for property related decision-making. On the basis that property is treated as a corporate resource, the Leader of the Council is asked to confirm which single portfolio holder has prime responsibility in all respects – this includes both operational and non-operational responsibility.

At present property related matters are considered by both the Corporate Resources and primarily by Finance and Resources portfolios.

Officer accountability – To give a clear single point of officer responsibility it is proposed that the principle should be accepted that there should be created a free-standing corporate officer team integrating property management and maintenance. A Head of Service post will have responsibility for both the commercial (non-operational property) and for building maintenance functions. These principles will be the subject of consultation with staff and Trade Unions and will be considered within the organisational review which is currently being undertaken by HACAS Chapman Hendy.

**1.10 Improvement 6 – *Immediate establishment of 3 Customer Forums to inform strategy and provide a platform for meaningful consultation and involvement of customers:***

To improve customer focus and to orientate property to the needs of customers and the marketplace, the strategy would be informed and updated through the establishment of :

- (a) A forum or other consultative means for tenants of Council property
- (b) A forum for internal Council service users of property
- (c) A property reference group looking outward to, local Estate Agents, Surveyors, Private Sector Landlords etc.

**1.11 Improvement 7 – *A revised set of financial and performance indicators the details of which will be included within the strategy.***

To improve performance management the following indicators and targets are proposed for the future, they will be confirmed as part of the strategic exercise in Improvement 2. They will be reported to the Executive Portfolio Holder, Corporate Management Team and the Executive on a six monthly basis by the Head of Corporate Property.

**Financial Targets**

- A comparison with the commercial yield for the asset
- The internal rate of return used for long term investment decisions
- Rental growth
- Rent reviews undertaken within 3 months of due date
- Annual contribution to General Rate Fund
- An annual target for the disposal of assets of £200K pa over the next five years
- Cash targets

**Performance Indicators:**

- The DTLR indicators
- The annual capital investment made in the Council's property portfolio
- Customer satisfaction (by way of annual independent survey)
- Number of direct and indirect jobs created per annum
- A schedule of improvements to amenities
- Cost of Management (including rent collection)
- Annual comparison to be undertaken with reference to both the CIPFA family and the Historic Cities Group.

**1.12 Improvement 8 – A revised Best Value Improvement Plan to be produced with assistance of Overview and Scrutiny Corporate Resources Committee.**

To include:-

- Improved information management systems.
- A review of the lettings policy.
- A corporate approach to the integration of a GIS system, including the integration with Housing Stock.
- Market testing of professional support areas eg. the management of agricultural holdings.
- Details for the completion of property reviews in the urban areas.
- A possible further Best Value Review of all property services in Year 4.
- An investigation into lease management initiatives.

## **2. CONSULTATION**

Consultation on this report has been sought with the Best Value Inspectorate, District Auditor and comment will be made available at the meeting. It is proposed that subject to the views of the Executive that the details of implementing the principles of this report would be the subject of further discussion with staff, Trade Unions and the Overview and Scrutiny Committee Corporate Resources.

## **3. STAFFING/RESOURCES COMMENTS**

This report deals with matters of principle and the details of staff changes will be the subject of a further report following consultation with staff and Trades Unions.

#### **4. CITY TREASURER'S COMMENTS**

The City Treasurer's comments are included within this report.

#### **5. LEGAL COMMENTS**

It may be in due course necessary for the Leader to consider amending his scheme of delegation if changes are made as to where responsibility is to lie for property matters at Member and Officer level.

#### **6. CORPORATE COMMENTS**

The Corporate Management Team recognises that fundamental change is required in the management of property if the Council is to support services with the appropriate property resource, maximise the investment value of property and to work on a more corporate and strategic basis.

#### **7. ENVIRONMENTAL IMPLICATIONS**

The proposed corporate property strategy would include the objects of the Council's Local Agenda 21 strategy.

#### **8. RECOMMENDATIONS**

As front sheet.

**P Stybelski**

Town Clerk & Chief Executive



## **Best Value Performance Indicator Strategy For Property Services**

### **1. Introduction**

The Best Value Inspectorate in its report on Property Services made several recommendations as to performance management at pages 9 and 10 of the document. These are:

- a. To develop criteria for decisions on whether to dispose of property.
- b. To define a small suite of performance indicators for property, including those specified by Government, together with challenging but realistic targets, and monitor performance against those targets.

As part of the AMP process the DTLR have advised the use of a set of 5 different PI's for the monitoring of property performance where it relates to Asset Management. The 5 pPI's as they are known are further split into sub-categories in some instances, resulting in a set of 11 indicators altogether. The Best Value Inspectorate had also previously suggested the use of various other indicators relating to property, 8 of which have been approved as relevant to Carlisle by the Historic Cities Group. Two of these have been adopted by Carlisle City generally as part of their own set of Corporate PI's. Currently, there is overlap between all PI groups, and no real policy relating to PI strategy. There is general confusion. This report sets out a strategy for implementing a set of PI's taking into consideration the BVI recommendations and the DTLR requirements.

The aim of Central Government is to achieve a set of Corporate PI's that monitor the provision of services across each authority, in order that such provision can be benchmarked and then improved. Each service department would then develop their own more detailed PI's if they felt it necessary, to support the Corporate ones and provide more technical information for the benefit of the organisational staff within each service department. The resultant data from these PI's would not be relevant to the Corporate view by virtue of its more scientific nature, but would assist the improvement of service delivery.

The aim of the DTLR is for each Property Department within Local Government to develop a range of PI's to assist in the monitoring of property performance on an authority-wide strategic basis. The Best Value Inspectorate recommendations emphasise the need for such indicators. Not only would these indicators monitor the performance of property held for non-operational purposes, but also the performance in service delivery terms of operational property. Cross-departmental co-operation would therefore be vital to the success of such a range of PI's. Again, the DTLR are encouraging more detailed technical indicators to be adopted if appropriate, to lend support to the resultant data. Whilst the DTLR pPI's are not mandatory at the present time, justification for not using them must be given by any authority choosing such a course of action.

### **2. Corporate Performance Indicators**

Of the large range of Corporate PI's adopted by Carlisle City Council, only two relate to the service provided by the Property Services Division. These indicators are intended monitor void rates and investment return on the commercial property portfolio. Property Services have also been asked to supply information on the efficiency of income collection on Economic Development property, though it is unclear whether this information is published. This is slightly misleading, since Property Services have little or no control over the debt recovery policies adopted by the Council. They do, however control the marketing of void space. This inconsistency requires attention if the true agenda for the PI's is to be supported, and either changes in policy implemented, or adoption of a PI system that truly monitors the delivery of services under the direct control of each department.

The remaining Corporate PI's are relevant to our division. They will be the starting point for any major structural changes in service provision, and hence property requirement. Should the Corporate PI's suggest that the service be delivered in a different form or from a different location, then a change in the property provision may very well result. The Property Services Division therefore needs to be kept apprised of the Corporate PI results and any ensuing action that may affect space usage.

The overall strategy for Corporate PI's needs to be made clear to Property Services in order that a co-ordinated approach can be adopted.

### **3. Property Performance Indicators**

The DTLR's set of pPI's covers a range of disciplines, and is designed to monitor property and project costs as well as the condition of the property stock. There are, however, no indicators to monitor estate management functions or floor space occupied, and such information will be required if the property stock is to be made more efficient. The 5 DTLR pPI's are as follows.

**1A.** % Gross internal floor space in condition categories A-D

**1B** Backlog of maintenance by cost expressed as total value as a % in priority Levels 1-4

**2A, B, & C** Current IRR for the portfolio expressed as an average for A) Industrial, B) Retail and C) Agricultural Investment Property.

**3A** Total annual management costs per sq m for operational property

**3B** Total annual management costs per sq m for non-operations property

**4A** Repair and maintenance costs per sq m

**4B** Energy and utility costs per sq m

**4C** CO2 emissions in tonnes of Carbon Dioxide per sq m for operational property

**5A** % of projects where outturn falls within +/- 5% of the estimated outturn, expressed as a % of the total projects completed in that year

**5B** % of projects falling within +5% of the estimated timescale expressed as a % of the total projects completed that financial year

There have been a few minor draft changes to the definitions of the PI's which will be communicated by the DTLR when their guidance for the July AMP submissions is released in July. These changes have been communicated to the relevant people.

The DTLR are also encouraging the use of further pPI's as appropriate to monitoring the cost and efficiency of the property portfolio, and whilst not wishing to complicate the system I do think we should be in a position to be able to monitor the following activities:

- a. Debt recovery
- b. Surplus assets by value
- c. More accurate investment return
- d. Property Management costs
- e. Property management service delivery efficiency
- f. Property Revenue running costs
- g. Space occupation by all departments
- h. Storage space generally
- i. Vacant property within each service department, including EDU property



Some of these are already covered by the Historic Cities Benchmarking set of PI's, but there is some debate as to whether activity within this group should continue, in the light of the Best Value Inspectors' comments regarding the relevance of the Historic Cities Group. Currently, the HSG set of indicators cover the following areas:

1. Performance of capital disposals against target set
2. Performance of Investment Portfolio
3. Voids
4. Management costs
5. Efficiency of income collection
6. Repair costs
7. Physical condition
8. Charge-out rates for surveyors

There is clearly an overlap, and there are gaps. Property Services have drafted a set of PI's, subject to final approval that will provide a comprehensive monitoring system for the Council's property, and satisfy both the Best Value recommendations and DTLR requirements.

#### **4. Summary and Conclusions**

The following steps towards a complete PI Strategy are recommended:

- a. Agree full list of PI's to be provided to Policy Unit for Corporate PI list
- b. Agree any additional pPI's to be put in place
- c. Agree format of all PI's
- d. Set targets for improvement on all PI's
- e. From full set of PI's ascertain data sources
- f. Set up framework of data provision.
- g. Incorporate data onto Database where possible
- h. Monitor usefulness of PI's regularly

This process has already started with the drafting of a full set of PI headings, and the definitions are in the process of formulation. Liaison is continuing with the Policy Unit to agree a set of Corporate property PI's to be included in the full Corporate list for the Council. The eventual aim will be to have a group of performance indicators that will ensure and demonstrate that Property Services are providing the best possible service and that the Council is using its property assets in the most efficient way possible.



## **Best Value Database Procurement Strategy For Property Services**

### **1. Why Have a Database?**

The Best Value Inspectorate has made two recommendations relating to property information on page 10 of its report on Property Services. They are:

- a. Improve data on property holdings
- b. Advance geographical information systems-based asset management, ensuring a consistent corporate approach.

In addition to this, the introduction of Asset Management Planning and the Capital Strategy have given rise to the requirement for efficient information management systems, in order that the performance of both the property services division, and the Council can be improved in terms of service delivery. Currently, all property related information takes many forms and is located in many different areas of the Authority. Much of the data needed to fulfil Council objectives is still held in paper form and takes an inordinate length of time to gather, interrogate or use.

A property database would afford us the opportunity to collect all useful property information in one place, electronically. If all of the necessary data is held in an appropriate way and the correct reporting software set up, a flexible system of data management would result enabling us to respond to both internal and external requests for information very quickly. It will also be a critical tool to help assess and monitor the performance of the property portfolio in how it delivers services and supports Council objectives.

### **2. What do we want from a Database?**

- a. Easy storage and interrogation of data electronically
- b. Simple updating procedures
- c. Flexible reporting facilities
- d. All Ownership details stored – Asset Register
- e. All property management data stored
- f. All Performance Indicator information stored
- g. All Economic Development information stored
- h. All Investment Property information stored
- i. Defined financial information stored
- j. Property user identified, ie which department, and area occupied
- k. Asset review register
- l. Surplus property register
- m. Real time data management. I.E one update updates all users immediately
- n. Follows DTLR guidelines for AMP software
- o. Standardise addressing format
- p. UPRN system launched

### **3. What information do we currently hold?**

Good news – most of the info required is in the Civic Centre somewhere.

Bad news – Not all of it is at the Civic Centre

More bad news - very little is in the correct format. I.e. electronic

And more – The information is not held centrally, but spread over many locations

### **4. Data Collection**

A major effort will be required to collect all of the information needed to assemble it in one place and in one format ready for transfer to a database. Almost every Council department will be involved in some way, not least the Treasurer, IT and Environment and Development.

Obviously the lion's share of the work will be undertaken by Property Services, although there would need to be large inputs from Building Surveying, Accounts and IT. A Data Collection Strategy has been formulated which details the work required.

Verification of the data is the key, which is why most other Departments will have some input. E.g. City Solicitor.

### **5. Specification**

#### Hardware

- a. A separate property database server is recommended in order that regular daily Council electronic traffic does not affect its performance. Using the existing Council servers will slow the system down for everyone concerned.
- b. Desktop PC upgrades may be necessary in order that the hard drive memory can enable speedy use of the system. This would need IT verification
- c. Provision of a Laptop computer for use by certain property management and building surveying personnel. This enables work to be completed on site or away from the office. The requirement for the present time is probably only 1
- d. Provision of hand held building survey tool. Enables survey data including photos, measurements and reports to be downloaded from site

#### Software

Either one system or a combination of systems to provide:

1. Storage of all property data
2. Property Management Diary
3. Report writing facility
4. Storage of GIS and Cad plans
5. Terrier system
6. Asset Register including valuations
7. Valuation calculations
8. UPRN Register
9. Debtors list for Economic Development properties
10. Scanning facility
11. Audit trails
12. Project monitoring
13. Performance Indicators

## 6. Provision of Software

There are basically three choices we have to supply the software:

1. In House design.
2. Private sector off the shelf package
3. Private sector bespoke system

There are pros and cons for all three, but at the present time the favourite is an off the shelf package, subject to confirmation of the quality of after sales support. In house systems are notorious for taking a great deal of time and effort to write and implement smoothly. The only Authority we are aware of that has a successful in house designed system had the software written by an IT expert with a great deal of property experience. The Council has enough work to deal with currently without this added requirement for resource.

Bespoke systems are very expensive, prohibitively so given our budget restrictions. They are also inflexible as far as future changes are concerned. Property Services are however still looking at this option, as software is becoming more able to handle change, and software houses more competitive in the services they provide.

## 7. Support.

Technical support will need to come from two sources; one internal and the other external. Internally, our IT department need to be fully briefed on the system from day one. They will in fact need to advise on the hardware requirements and data transfer once a system has been selected. A database Focus Group has been set up to include all key personnel to ensure smooth running of the data preparation, system purchase and installation.

Support will also be required from the software house both pre and post installation. After sales care will be critical to the success of the system, and much research has already gone into the levels and quality of support provided by several suppliers.

## 8. Costs and Timescale

### Project costs

#### Hardware:

New server	£16,000
Building Survey Tool	£ 500
Hardware upgrades	£10,000
Laptops x 1	£ 2,000

#### Software

New System	£40,000
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#### Support

Internal	£10,000
External @ 25% of software cost (ann. recurring)	£10,000

#### Contingency

At 10%	£ 8,850
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<b>TOTAL</b>	<b><u>£97,350</u></b>
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Notes;

Server costs estimated  
Internal support cost includes data entry  
External software support annually recurring cost

Timescale

Data capture Strategy completion	April 2002.
Data sources identified	June 2002.
Software research completion	August 2002.
Internal support requirements identified	August 2002.
Software Demos	September 2002.
Software Supplier Identified	September 2002.
Software Implementation (incl data entry)	July 2003.

## APPENDIX G

**Mr P Stybelski,  
Chief Executive,  
Carlisle City Council,  
Civic Centre,  
CARLISLE,  
Cumbria.  
CA3 8QG.**

**28<sup>th</sup> January 2002.**

Dear Peter,

### **SINGLE CAPITAL POT (SCP) 2002-03 – FEEDBACK to LOCAL AUTHORITIES.**

Details of your capital allocation for 2002-03, the first full year of the SCP process, will have been sent to you from GONW and DTLR on 13<sup>th</sup> December. This letter contains feedback on the results of our assessments of your Capital Strategy (CS) and Asset Management Plan (AMP).

The scoring system for the CSs and AMPs was done using a simple three-point scale – Poor, Satisfactory or Good. The assessment process was the subject of wide consultation. The eventual criteria we used in assessing the plans were published in advance on the DTLR's website. Broadly similar scoring methods were applied to both CS and AMP. Any document fulfilling a set of Primary Requirements was classed as "Satisfactory". If it went on to provide clear evidence of achievement in at least 75% of a set of Secondary Requirements then it was classed as "Good". Any documents that did not fulfil all the Primary requirements were classed as "Poor". It should be stressed that these descriptions are purely arbitrary – in Housing terms you may think of them as equating to Above Average, Average and Below Average.

As you will be aware, the assessments for your Authority were:

<b>Capital Strategy</b>	<b>Good</b>
<b>Asset Management Plan</b>	<b>Good</b>

The reasoning behind our assessments was:

## **Capital Strategy**

Carlisle has a well thought out and documented corporate approach to Capital and Asset planning. There is evidence given of its commitment to improvement through Best Value and benchmarking. The Council has very substantial investment holdings generating almost £4 million per year income. Carlisle sees the continuation of a mixed capital and revenue earning asset base as being essential to its future levels of expenditure on services. All Primary Requirements and over 75% of the Secondary Requirements are covered and so the assessment is "Good".

The Council's wholehearted adoption of the Best Value process is admirable, with clear actions set out to address any weaknesses highlighted by the reviews. The BV Inspectors particularly commended the way that elected members have been involved in the process and are committed to the improvements. This made it all the more disappointing that the Best Value report on Economic Development was critical of the Council's corporate approach to property.

Performance Measurement is one area of relative weakness in the Council's documentation, identified as such also by the Best Value inspectors in their report mentioned earlier. Some of the DTLR's Property PIs have relevant data provided (within a table in the AMP rather than the Strategy) but apparently no information is available on others. We note that work is under way to rectify these shortcomings and hopefully more evidence will be available by 2002-03.

Regeneration is one area where a multi-disciplinary approach could be beneficial, involving the Council with residents' groups, business partners, the Police and the Health Service. Hopefully the developing role of Carlisle Vision will become evident here.

## **Asset Management Plan**

Experience throughout the country, not just the North West, suggests that District Councils have found it hard to produce an Asset Management Plan of sufficient quality to be assessed as "Good". This makes Carlisle's achievement all the more satisfying. The only apparent weakness in your data collection is under the performance measurement heading. Even here your AMP fulfils the necessary minima to pass the Primary Requirements, with tabular data against several indicators. In most other respects the plan exceeds the Primary Requirements comfortably. The AMP is well set out, very readable and gives details of the current situation and future plans in every area.

The cross-service aspects of Asset Management planning are well understood and demonstrated. Carlisle's AMP indicates that results from consultations are being incorporated into future plans. The Asset Management Team has already invited stakeholders to attend its meetings.

The system for dealing with surplus assets has been in place for some time now and has produced good results. More evidence is needed on the use of PIs to identify surpluses, and of the corporate consideration of shared use as a possible alternative to disposal.



Indeed, as mentioned earlier, Performance Measurement is a comparatively weak spot in Carlisle's Asset Management system. There is clear evidence, with tabular data in the Context sheet, that some PIs are in place but no information is available on others within the DTLR's Property PIs. Unlike most other aspects of the AMP, there is not a clear timetable or plan for ensuring that these gaps are filled.

In summary, therefore, it is very pleasing to be able to assess both your documents as "Good". Any questions you may have about these matters should be referred to Arnold Lee. Tel No. 0151 224 2940

Yours sincerely,

pp Liz Gill,  
Cumbria Area Team Leader.

