CARLISLE CITY COUNCIL

Report to:-	**Carlisle City Council**	
Date of Meeting:	**13 September 2011**	**Agenda Item No:-**

Title:	**ASSET MANAGEMENT PLAN 2011 – 2016**
Report of:	**ASSISTANT DIRECTOR (RESOURCES)**
Report reference:	**RD 38/11**

Summary:
The Asset Management Plan for 2011 – 2016 has been considered at the Executive meetings of 26 July and 30 August 2011 and Resources Overview and Scrutiny Panel on 25 August 2011. It is now brought to Full Council for agreement as part of the Council's Policy Framework.

Recommendation:
To adopt the Asset Management Plan for 2011 -2016.

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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: RD 29 / 11; RD 37 / 11; RD 38 / 11.

CARLISLE CITY COUNCIL

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Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2011 - 2016

CONTENTS

1. The Council

Carlisle City Council delivers services to just over 100,000 people and has a net revenue budget of £14.361 million for 2011/12 and capital expenditure of £7.534 million for 2011/12. The Council uses its property resources to deliver services, either directly or through the rental income it earns, and improve the quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £4.7 million per annum and net asset values of £139.9 million. The income is comparable to that of Council Tax. Over 20% (12,500 people) of Carlisle's workforce are based on the Council's assets.

2. The Asset Management Plan and Council Priorities

The Carlisle City Council Corporate Plan 2011/2012 identifies the Local Environment and the Economy as the two priorities for the Council in the coming years.

The Local Environment priority is about improving the quality of the places where people live by tailoring services to a community's needs through an area based approach.

The Economy priority is about growing Carlisle for the future, strengthening its economic position, seeking opportunities for investment, growing the population, providing more homes, supporting a thriving City Centre and the growth of businesses.

The Council is undergoing a radical transformation of its organisational structure and service delivery to achieve substantial savings in costs to reduce the base budget over the next 5 years by £5.4 million.

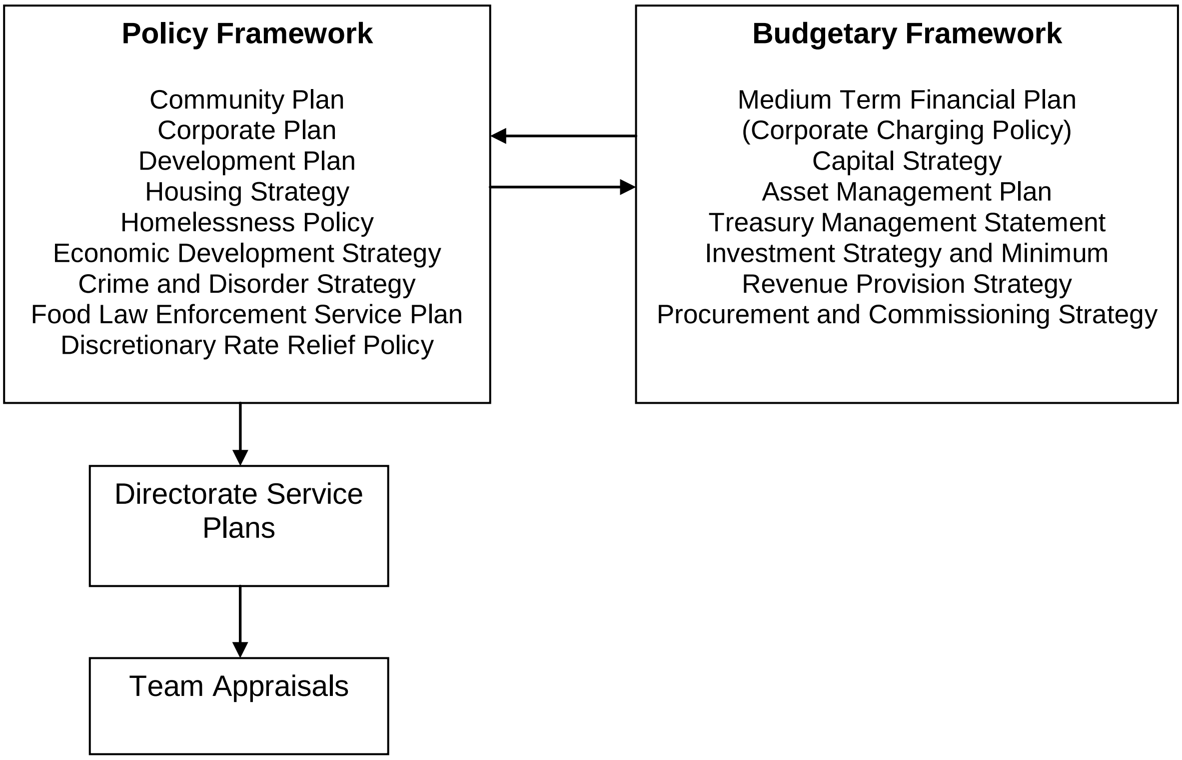
This Asset Plan describes how the Council's strategies and policies for its property portfolio will support these priorities and Directorate Service plans. The Plan also aims to guide readers about the overall performance of the asset base, and how it is being used and reviewed. It also takes account of, and links into, the Council's Medium Term Financial Plan and the Capital Strategy, which provides guidance on the Capital Programme and use of resources.

3. The Council's Approach to Corporate Planning

The Council has a corporate plan that is reviewed annually to take account of emerging issues. The plan is developed through consultation with stakeholders; it presents the key actions for the Council and likely outcomes for communities.

The Corporate Plan forms part of the Policy and Budgetary Framework for the Council. These frameworks work together to create the strategic framework.

The following diagram illustrates the relationships between the Policy and Budgetary Frameworks.



Community Plan

The community plan is 'owned' by the Carlisle Partnership (our Local Strategic Partnership). It reflects and develops the aspirations of the communities of Carlisle and provides a strategic context for the partnership activities of all members of the LSP. For the City Council it is particularly important that the Corporate Plan enables delivery of the Community Plan; there must be congruence between the strategic objectives of both plans.

The communities of Carlisle are consulted and involved in the development of the Community Plan. This Community Plan helps to inform the strategic thinking of partner organisations.

The LSP's Community and Council's Corporate Planning process informs and supports the strategy of the Cumbria Strategic Partnership.

Directorate Service Plans

The primary purpose of a Service Plan is to provide a link between the resources used to deliver services and the delivery of agreed outputs. Service Plans are inextricably linked to each Directorate's budget.

Service Plans develop the key actions of the Corporate Plan into detailed activities for Directorates and provide a framework for their financial, performance and risk management.

Other Council Strategies, Plans and Policies

The MTFP takes account of other Council Plans and Strategies of the Council, which have a potential impact on the use of resources by the Council. Particularly consideration is given to the following key strategies: -

- The Capital Strategy, which provides information on the proposed level of investment in capital projects and the consequent impact on the revenue budget.
- The Treasury Management Strategy Statement, Investment Strategy and Minimum Revenue Provision Strategy, which sets out the assumptions for financing requirements and interest rates and their effect on the revenue budget.
- The Asset Management Plan, which provides forecasts of necessary investment in the Council's land and property portfolio.
- The Procurement and Commissioning Strategy
- Local Plan/Local Development Framework.
- The Organisational Development Plan, which highlights the need for a thorough review of the Council's staffing needs and skill levels to ensure that the Council improves its performance to deliver excellent services to the local community in the future.
- There are also a number of strategies, (some of which are currently under development) which set out policy direction for key Council priority areas, and these include the Economic Strategy, and Housing Strategy.

4. <u>Organisational Framework</u>

The organisational framework for the delivery of property functions is in the process of change in tandem with the Council's Transformation Programme and recently adopted Asset Review Business Plan. The Corporate Asset Management Group (CAMG), which formerly provided strategic direction, oversaw the corporate management of the Council's property assets, and directed the work programme is replaced by the Business Plan Working Group.

The shape of the replacement framework is emerging but as yet this is not completely defined. It is anticipated this will be put in place later in the year, as part of the recommendations of the Asset Review Business Plan. As a first step in the transformational review of Directorates the Property Services, Facilities Management and Resource Planning teams have come together within the Resources Directorate. Collectively these teams will assume responsibility for providing estate and asset management advice, facility management and running capital projects across the portfolio.

Strategic advice, in terms of economic development activity, will be delivered through the Economic Development Directorate. Both Directorates report through the Senior Management Team (SMT) which effectively replaces the role previously undertaken by CAMG. SMT will oversee property and report through the normal Council channels

The revised structure will be formalised in due course as the outcomes of the Asset Review Business Plan are implemented and the service delivery needs become clearer.

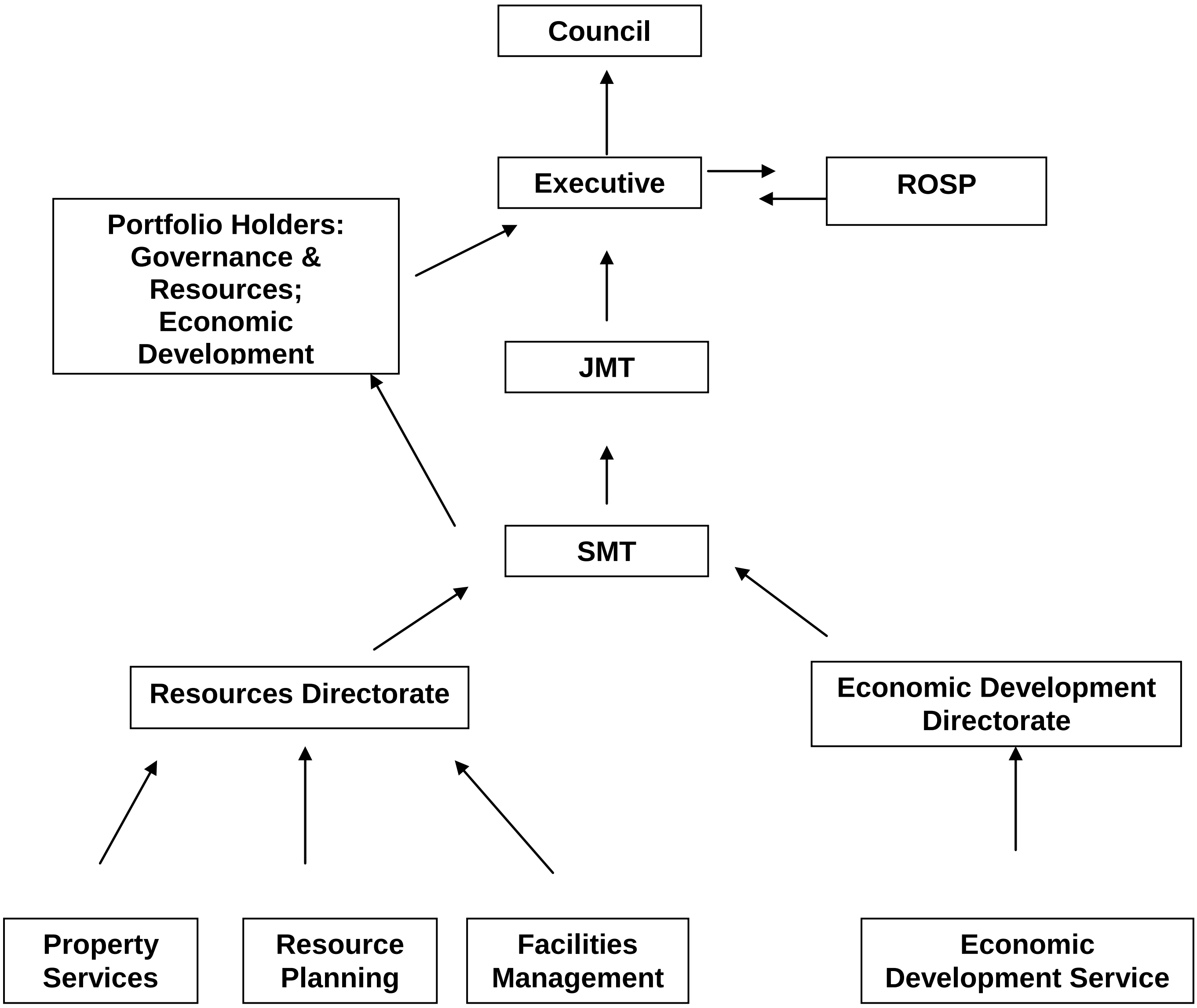
The terms of reference for SMT are:-

- ♦ To develop and implement corporate policy and best practise in relation to the Council's property assets.
- ♦ To give strategic direction to other corporate officer groups dealing with operational property matters.
- ♦ To ensure co-ordination of reporting and decision making on strategic matters relating to property.

SMT meets bi-weekly and membership comprise the Chief Executive Officer, the Strategic Director & Deputy Chief Executive, the Strategic Director and the Assistant Strategic Directors of Resources, Governance, Economy, Community Engagement and Local Environment.

The work of SMT reports through the Council's formal channels to Joint Management Team (JMT), the two Portfolio Holders for Governance & Resources and Economic Development, the Executive, Resources Overview and Scrutiny Panel (ROSP), and finally Full Council.

ORGANISATIONAL & REPORTING STRUCTURE



5. Corporate Asset Objectives

Aim

- To set out the Council's policy on the use of assets in order to have a flexible approach to asset ownership and secure a portfolio of the right size, quality, cost and location and one which is suitable and sustainable for service delivery now and into the future.

- To develop a planned approach to the management of the Council's assets linked to corporate priorities.

Objectives

1. To identify all property which the Council owns or uses, compile accurate records, establish its value and the functions it performs. Maintain and continually update this information to enable decision making and support to the Council.

2. To make services aware of the costs of occupying property, maximising the use of the asset base to enable efficiency savings, and increasing rental income.

3. To effectively respond to the changing property requirements of service delivery improvements.

4. To provide a transparent basis for property investment decisions, through the Capital Programme, and to have a planned approach to the management of the Council's assets, aligned to corporate objectives.

5. To ensure a healthy and safe environment for property users, promoting improved standards, sufficiency and suitability across the portfolio.

6. To apply "Green Design" principles to construction, refurbishment and maintenance projects and encourage environmentally sustainable management of operational properties.

7. To support the Council's Climate Change Strategy, approved in January 2009, to reduce carbon emissions from our property estate in accordance with the policies and actions set out in the Carbon Management Plan (CMP).

8. To promote community and partnership use of assets.

9. To link into and contribute to the Council's Medium Term Financial Plan and Capital Strategy.

10. To provide sustainable planned maintenance programmes for a 5-year period.

Delivery

- To develop a planned approach through:-
    - Links to corporate priorities.
    - Carrying out condition surveys
    - Meeting Disabled Discrimination Act requirements.
    - Health and Safety risk assessments.
    - Benchmarking & performance measurement.

- Improving asset management to:-
    - Identify "expensive "and "obsolete" assets.
    - Identify surplus assets.
    - Identify changes to asset requirements, eg shared services and home working.
    - Improve energy efficiency, use renewable sources and set targets for carbon reduction.
    - Identify improvements to assets or the asset base to enhance service delivery.
    - Ensure assets are "fit for purposes" and "sustainable".
    - Identify investment opportunities to improve income yields.

6. Performance Monitoring and Measurement

The Council will manage and monitor the use of its property resources to ensure the portfolio meets the objectives set and delivers performance improvements linked to corporate and service objectives. The Council, using the 'Covalent system' overseen by Policy and Communications, manages and monitors performance indicators.

The Council will aim to own assets which are suitable, fit for purpose and sustainable, to enable services to be delivered effectively and with equality of access.

The Council's performance framework continues to review performance and seek the development of SMART indicators which will effectively measure the contribution property makes to the achievement of corporate objectives set out in the Corporate Plan in the priority areas of Local Environment & Economy.

As a result of this review, a new data capture procedure has been established and an extensive data collection exercise undertaken. The performance data for 2010/11, which is currently available, is shown in Appendix I annexed to this Plan. When the exercise is complete the new system will allow the Authority to improve its monitoring of asset performance, illustrate improvements and allow benchmarking with other Authorities.

The Government's Operational Efficiency Programme (OEP) recommends that Local Authorities and other agencies use the CIPFA Property Asset Management Planning Network (AMP) when coming together to share best practice. The OEP Report also strongly recommended the use of benchmarking to help drive efficiencies.

The Authority is already a member of the CIPFA IPF Asset Management Plan Network and in the coming years, will use the benchmarking facility to assess our performance. It is anticipated the performance statistics for 2009/10 will be available from CIPFA in the near future to enable benchmarking comparisons to be made. Current best practice is to use the National Property Performance Indicators (NAPPMI). These are shown in Appendix I. These indices measure property condition, maintenance backlog and expenditure, the cost of energy, water and CO_2 emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, work on establishing a framework and protocol for implementing these will get underway as soon as resources allow.

The Authority also produces a suite of local indicators; these are shown in Appendix II, which additionally measure occupancy rates for the let estate, sustainability and CO_2 emissions from our buildings.

7. Policy and Strategy

Operational Property Strategy

- The Council will own a highly rationalised portfolio of property to deliver services which provides users with a good standard of suitable, sufficient, accessible and energy efficient accommodation and facilities, in the right location and at the right cost.

- All service property will be efficient and effective in supporting delivery of the Council's priorities.

- The Council will occupy freehold property where appropriate.

- The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.

- The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate and share services.

- Investment in property will only be made following the consideration of a detailed business case and options appraisal which includes the revenue implications over its useful life (ie whole life costing).

- The following policy principles are to be applied to enable delivery of the service property strategy:

Investment Principles

Investment should be made only through a 5 year programme where:

- The property is required for the medium or long term use of the Council, and

- The investment:
  - ❖ enhances service delivery
  - ❖ improves environmental sustainability
  - ❖ improves utilisation
  - ❖ increases efficiency
  - ❖ adds value

- It addresses statutory obligations

Non-Operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities of Environment and Economy.
- The Council will investigate new medium and long-term development opportunities that will support the growth of Carlisle and the Economic Development Strategy.
- The Council will own property that provides a regular and sustainable income stream, as a key component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream and reduce liability through partnership working and grant assistance where appropriate.

The following policy principles are to be applied to enable delivery of the non-operational property strategy:

Investment Principles

Commercial property will only be held where:

- It provides an acceptable financial return
- There is potential for Council involvement to deliver economic development objectives
- It contributes effectively to the delivery of other Council priorities
- It improves future sustainability of income
- It addresses legal or contractual liabilities and obligations

Surplus Property Strategy

- The Council will normally dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy and the generation of annual capital receipts of £710,000 in 2011/12, and £960,000 in 2012/13 and £710,000 to 2015/16, in line with the Capital Strategy and Medium Term Financial Plan. Note additional receipts from the Asset Review Business Plan Disposal Programme are considered separately in this document and the MTFP.

Surplus Property

All operational and non-operational property will be sold unless one of the following applies:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, housing, economic or environmental benefits to meet the Council's agreed priorities, in which case the Council may take a flexible approach to a disposal at less than market value, subject to compliance with any statutory consents and full Council approval.
- It is a long-term strategic investment.

Property Acquisition Strategy

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of Economic Development policy if there is a business case.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.
- The Council will invest in assets to improve the financial returns and yields from the portfolio and deliver the Asset Review Business Plan

The following policy principles should be applied to enable delivery of the property acquisition strategy:

Property Acquisition

Property will only be acquired in the following circumstances:

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver Economic Development policy.
- Where it is required to support the delivery of other Council services and priorities, either directly or through income generation.
- Whole life costing and option appraisal exercises are undertaken.
- Portfolio investments and opportunity purchases meet set target criteria around risk, income returns and yields.

8. Government Policy and Statutory Responsibilities

The overall amount available for distribution to Local Government is determined by the Government's Spending Review. The last review in 2009 (CSR09) is committed to: -

"Delivering a step change in the management of the public sector asset base".

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

The Government's regional policy aims to improve the economic performance of the English regions and to reduce the gap in performance between the regions. The Review of Sub National Economic Development and Regeneration (SNR) sets out a comprehensive package of reform to improve performance. The CSR09 takes forward the conclusions of the SNR.

The Housing and Regeneration Bill aims to deliver the commitments set out in the Housing Green Paper to provide more and greener homes, in mixed and sustainable communities. The Council has been designated as a Growth Point and is seeking ways to encourage increased levels of affordable housing within the district, working with partners to bring Council owned sites into development for the provision of social and affordable housing.

Although the recent structural changes to local government in England have not resulted in a change in governance in local areas in Cumbria, there remains an impetus to increase levels of joint working and to improve the efficiency of service delivery.

The Government is also promoting the community management and ownership of public sector assets, acting on the recommendations of the Quirk Review. It believes that community asset transfer can form part of a strategic approach to the use of local authority assets and that it is an important factor in enabling community organisations to be sustainable.

The Government recently passed the Climate Change Bill setting ambitious targets for carbon reduction.   In line with its Climate Change Strategy and the Nottingham Declaration, the Council has committed itself to tackling environmental improvement and responding to climate change.

A 5-year Carbon Management Plan has been developed with support from the Carbon Trust. Along with other Cumbrian authorities the Council has set an aspirational target of reducing carbon emissions from its buildings, street lighting and transport related functions by 25% by April 2013 against a 2007/08 baseline of 6,306 tonnes of carbon. Buildings account for 74% of the carbon baseline and the larger part of the reduction target (20%) will be achieved through energy efficiency and renewable projects in relation to our buildings.

9. The Resource Context: Key Line of Enquiry

The Audit Commission measured how well an organisation manages its resources and delivers value for money and better and sustainable outcomes for local people through an annual Use of Resources assessment.

From 2005 – 2008, the assessment of *how well the Council manages its asset base* was assessed as part of the Financial Management Key Line of Enquiry (KLofE). The last published scored assessment under this regime was in 2008, where, for management of its asset base, the Council achieved a score of 3 (Performing Well).

From 2009 the approach to the assessment and the structure and scoring of the KLoEs changed. Under the theme of Managing Resources, KLoE 3.2 considers *how well the organisation manages its assets effectively to help deliver its strategic priorities and service needs.* With the recent changes in Government it has been announced that the Comprehensive Area Assessment (CAA) framework for measuring the use of resources will be discontinued into the future.

However, the Asset Management Plan must still demonstrate a Council-wide approach to managing assets as a corporate resource, with the focus on using its assets to help to deliver social, environmental and economic outcomes for local communities. Asset management planning should be fully integrated with corporate and service planning with clear alignment between asset plans and other corporate service plans.

Collaborating with partner organisations on strategic asset management planning remains an important requirement. The Council will continue to develop its strategic approach to working with other bodies to identify opportunities for shared use and alternative options for the management and ownership of its assets.

10. <u>Changes in the External Environment and Implications for Property</u>

The underlying economic factors affecting the national economy apply to Carlisle subject to its relatively isolated and remote location. The City is held back from its full potential because it has not been considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis.

It is mainly sub-regional and local developers and investors who serve the Carlisle property market, with the possible exception of the retail sector. When the UK market shows an upward trend, stability or decline, the Carlisle market follows proportionately – subject to a time delay because of its location.

The City's peaks have been historically, neither high enough nor long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development.

It is the major financial institutions who ultimately control capital flow and investment. It is such institutions that make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless such funders are looking for long-term sustainable investment with a local geographic time commitment, developers will prefer more profitable southern locations where rental growth increases more rapidly, and over longer periods.

This risk averse attitude by the private sector has meant that to date, the public sector has had to be proactive in order to attract development to Carlisle in order to improve economic development opportunities for the community. This is why Carlisle City Council owns a considerable property portfolio and needs to be involved in public/private partnership working.

The changing economic climate, both at a national and local level, arising from the "credit crunch", restricted borrowing regimes and the economic recession is impacting on the local property market. The Government's Comprehensive Spending Review, cutting public spending by 25%, to redress the budget deficit, has fuelled further uncertainty in the economy and property markets.

Demand has fallen in all sectors, capital and rental values have fallen. The residential and commercial investment markets, although showing signs of stabilising, still face difficult and uncertain times. These downward trends in the market have undoubtedly affected the Council's portfolio, and will influence what we can do and the way we do it in the forthcoming years. The capital value of the portfolio has risen slightly from £137.5 million (2010) to £139.9 million (2011). This is largely due to the revision in the value of the Council's retail site at Morton, where outline planning consent for a superstore and district centre has recently been granted. The investment portfolio is fortunately quite resilient but, overall rental income has fallen by £400,000 (about 8%) over the short term. This mainly arises from the retail part of the portfolio, which has recently shown faint signs it may have bottomed out for Carlisle but, it will be several years before growth is expected to bounce back.

The generation of capital receipts may be more problematic in the future if the downturn in the market, particularly the residential sector, persists.

11. The Existing Portfolio and Current Performance

Asset Value as at 31 March 2011.

	Operational assets		Non operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	57	78	73	4	212
Total income	£25,000	£295,000	£4,430,000	Nil	£4,750,000
Capital value	-	£36,678,000	£102,033,000	£1,215,000	£139,926,000
Capital Expenditure	£292,555	£1,938,286	£501,481	-	£2,732,322
Asset Reserve		-	£1,000,000	£1,000,000	£2,000,000
Maintenance backlog		£2,845,000	£2,000,000	-	£4,845.000

NB The total capital spend in 2010/11 was £9.4 million. However this did not all relate to property assets, £3.3 million was Revenue Expenditure Funded from Capital Under Statute which included capitalised redundancy payments and capital works on assets which are not owned by the Council. A further £1.0 million was incurred on vehicle plant and equipment and £2.4 million was on assets under construction.

The figure for the maintenance backlog on the operational buildings in the portfolio is based on a costed 5 year plan derived from a rolling programme of Condition Surveys. This has seen a dramatic fall of £1.6m (36%) from last year’s figure which is largely due to the proposal to demolish part of Boustead Grassing, and close some of the public conveniences.

12. Maintenance Backlog

	10/11	11/12	12/13	13/14	14/15
Total Revenue Budget	£718,000	£707,200	£707,200	£707,200	£707,200
Capital Schemes Special Projects	£300,000	£530,000	£300,000	£300,000	£300,000
Asset Investment Fund (Industrial Estates)	£538,000*	£638,000	-	-	-
Ratio Planned: Reactive Maintenance	74 : 26	74 : 26	74 : 26	74 : 26	74 : 26

NB * This figure comprises £135,000 for Willowholme in the capital programme for 10/11 plus a 9/10 carry forward of £4,000. The remaining £499,000 is carried forward from the capital programme for 9/10 and is allocated to Kingstown.

Based upon property condition surveys, an annual planned maintenance programme has been established for all the operational assets. There is a maintenance backlog; currently £2.85 m for the operational portfolio, the delivery programme to reduce this incorporates a degree of flexibility and balance in order to respond to the demands and aspirations for service delivery, asset review, and other changing circumstances which may arise during the course of the programme. Members approved a 5 year programme of planned and reactive maintenance on 24 November 2008 (report reference CORP 63/08). In condition category terms the split is as follows:-

Condition Category (as a % of Gross Internal Area Operational Property)			**Sustainable Criteria**
A.	**(Excellent)**	**46%**	**Yes**
B.	**(Good)**	**32%**	**Yes**
C.	**(Mediocre)**	**17%**	**Review**
D.	**(Poor)**	**5%**	**No**

In previous years the categories reflected the number of buildings in each category. With improved data collection it is now possible to use the Gross Internal Area of each building to express the % of total GIA in each category; this has resulted in a change in the presentation of the statistics.

Energy Efficiency

Reflecting the Council's Environmental Policy and Carbon Management Plan a programme of energy efficiency and renewable energy projects is currently underway. Energy audits have been carried out and a programme of projects has been established with the most effective of these funded under the Council's Carbon Management Plan, with capital funding of £161,000 spent in 09/10 from the Carbon Management Initiative. The Council is also looking at opportunities within the portfolio to invest in the generation of renewable energy from photovoltaic sources.

Capital Works and Repairs

The programme of works identified in the Capital Major Repairs Programme is initially shaped by a 5 year maintenance plan produced from condition surveys and adjusted each year to keep abreast with new legislation. The Council has a legal duty to maintain its properties. This programme is required to meet those duties. Report (RD 73/10) was presented to the Executive on the 19th January 2011 with proposals for capital investment for planned major repairs. The business case identified 15 separate projects required to meet the council's legal obligations and priorities for building maintenance.

The capital schemes special project fund for the programme 2011/12 has been allocated as follows:-

PROJECT	COST	PRIORITY
Civic Centre Fire Precautions and Electrical Replacements	£80,000	Health and Safety / Energy Conservation
Civic Centre Boilers Replacement	£65,000	Business Case / Energy Conservation
Civic Centre Lift controls renewals	£50,000	Health and Safety
Tullie House Replacement Chillers	£85,000	Environmental Legislation / Energy Conservation

Tullie House Meeting Room Conversion	£20,000	Business Case
Tullie House Replacement of rooflight over Border Gallery	£50,000	Health and Safety / Conservation
Tullie House Boiler Replacement	£55,000	Business Case / Energy Conservation
Tullie House new heating to entrance foyer and shop	£10,000	Business Case / Energy Conservation
Guildhall Structural Repairs	£25,000	Health and Safety / Conservation
West walls / Historic Fabric Enhancement	£20,000	Health and Safety / Conservation
Asbestos removal to various properties	£10,000	Health and Safety / Environmental Legislation
Various Properties Air-conditioning replacements	£20,000	Environmental Legislation / Energy Conservation
DDA / accessibility improvements to various properties	£5,000	Legislation
Various Properties re-wiring and electrical replacements	£25,000	Health and Safety
Morton Community Centre Replacement of lead guttering	£10,000	Conservation
TOTAL	£530,000	

13. Continuous Review and Challenge

1. The City Council holds a significant, but numerous and diverse, portfolio of assets across Carlisle. This portfolio generates considerable income for the City and has an important impact on the local economy.

2. It has a highly rationalised operational (service occupied) portfolio, with a manageable maintenance backlog, but with scope for further consolidation.

3. It has a diverse and mixed non-operational (predominantly commercial and industrial) portfolio which has considerable further potential.

4. The Council possesses a good portfolio and has a record of using property well to meet its aims; it is planning for future investment and development to allow it to continue to do this.

5. The opportunity has been grasped to take a more dynamic and commercial approach to the management of the portfolio in order to strategically balance the need for operational assets, income generation and economic development, in support of the local economy, the protection of public services and other priority objectives.

6. The Transformation Programme has identified the need for further rationalisation and consolidation of the operational property to improve access to public services and efficiency.

Accommodation Review

An Accommodation Review is underway as an integral part of the Transformation Programme to review corporate accommodation, both back office and front public facing service delivery properties. This will comprise a comprehensive analysis of accommodation needs and the existing provision, explore future solutions and implement the most beneficial model for the Authority. It seeks to deliver effective and efficient accommodation that suits the needs of each service, establish a more corporate approach to accommodation, make more effective use of space, improve the working environment and make the accommodation as productive as possible. The project will take several years, and will be undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre, Boustead's Grassing and the Depots. The project's outcomes must deliver:-

- Corporate standards for accommodation;
- Efficient and effective accommodation for all Council staff & operations;
- Consolidate office staff and functions into the Civic Centre;
- Maximise usage of occupied accommodation and deliver efficiencies;
- Maximise potential revenue streams;
- Identify and meet target capital receipt savings and income.

Asset Review Business Plan

An asset review and investigation into the options for the development of a new approach to the management and use of the portfolio has been concluded with the adoption by Council in January of an Asset Review Business Plan (Report ref. CE 39/10 refers).

The strategic objectives of the Plan are broadly to have:-

- Clear and separately focused management of the operational, investment and economic development assets.
- Fewer higher value assets which will give a better yield and are cheaper and easier to manage
- The latent value and development opportunities embedded in the portfolio unlocked and released for reinvestment.
- Well maintained assets which will continue to be attractive to tenants and occupiers.
- Increased returns through higher income and lower outgoings.

To provide clear segregation between the objectives and priorities for each asset the portfolio has been divided into 3 distinct categories established as follows:-

1. Operational Assets – properties that are needed in order to carry out the Council's day to day business and deliver services or are required and retained for public benefit. The task here is to create through rationalisation an efficient and sustainable portfolio which is fit for purpose.

2. Economic Development Assets – properties that are identified or acquired for strategic purposes to stimulate and deliver economic development activity leading to growth and regeneration of the City and District.

3. Investment Assets – properties where the sole function is to deliver the maximum financial return for the Authority through revenue receipts and capital growth which meets set targets and criteria.

The next step in the implementation of the Business Plan is to put in place the management structures and resource capacity to deliver the 3 portfolio areas and the overarching strategic asset management. These changes will take place within the context of the Transformation Programme.

Disposal Programme

The Business Plan recognises that the current Investment portfolio needs re-engineering through a process of rationalisation to consolidate the asset base and improve overall financial returns through reinvestment or acquisitions. The Plan aims at realising £24m through the disposal over a 4 year period of 51 assets which are underperforming or have embedded value which can be realised. The proceeds will be used to generate additional income of £1m to support budget and efficiency savings and help protect and secure service delivery into the future. The Business Plan sets out the detail of the assets involved and the programme timetable. The overall position and profile, in terms of yearly targets and performance to date is set out below.

Financial Year	Target No. Asset Sales	Projected Capital Receipt	No. of Assets Sold	Capital Receipts Generated
2010	6	£720,000	6	£814,500
2011	19	£3,199,500		
2012	10	£11,768,000		
2013	11	£2,556,500		
2014	5	£5,772,000		
Total	**51**	**£24,016,000**		

14. Summary

1. The Council has the Governance & Resources Portfolio Holder responsible for asset management.

2. Members are aware and have approved a plan to address backlog maintenance.

3. Performance measures, which are being improved upon, are in place to evaluate asset use in relation to corporate objectives.

4. The Council has a highly rationalised and suitable service occupied portfolio with a manageable maintenance backlog which it will seek to improve through the Accommodation Review; it has a considerable commercial portfolio, which is generating substantial rental income.

5. The Council's asset base has considerable latent value, which if unlocked through the new Asset Review Business Plan and Disposal Programme, will help provide more robust support to economic development initiatives, generate additional income and provide a portfolio which is cheaper and easier to manage.

6. The Council is looking at opportunities for rationalising the portfolio and sharing accommodation with other public bodies and partner organisations.

APPENDIX I

NATIONAL PROPERTY PERFORMANCE INDICATORS

APPENDIX I

CARLISLE CITY COUNCIL www.carlisle.gov.uk	Asset Management Plan **Appendix :** Property Performance Indicators

COPROP Property Management Initiative Property Performance Indicators (PMI's)

PMI 1A: % gross internal floor-space in condition categories A- D

	Mar-09	Mar-10	Mar-11
(a) **Schools:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(b) **Other Land & Buildings:**			
Good condition (category A)	34%	42.4%	46.1%
Satisfactory condition (category B)	40%	36.4%	31.8%
Poor condition (category C)	19%	12%	17.2%
Bad condition (category D)	7%	9.2%	4.9%
(c) **Community Assets:**			
Good condition (category A)	n/a	n/a	n/a
Satisfactory condition (category B)	n/a	n/a	n/a
Poor condition (category C)	n/a	n/a	n/a
Bad condition (category D)	n/a	n/a	n/a
(d) **Non-operational assets:**			
Good condition (category A)	0%	0%	0%
Satisfactory condition (category B)	19%	19%	19%
Poor condition (category C)	6%	6%	6%
Bad condition (category D)	75%	75%	75%

Objective:-
To measure the condition of the asset for its current use

Definitions:-
A: Good – Performing as intended and operating efficiently
B: Satisfactory – Performing as intended but showing minor deterioration
C: Poor – Showing major defects and/or not operating as intended
D: Bad – Life expired and/or serious risk of imminent failure

Comments:-
We do not currently hold the required level of information on our Community assets and this information will be collated in due course. Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. Overall, for the operational land and buildings, year on year this shows an improving situation.

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PMI 1B: required maintenance by cost expressed (i) as total cost in priority levels 1-3; (ii) as a % in priority levels 1-3; and (iii) overall cost per m^2 GIA						
	Mar-09		**Mar-10**		**Mar-11**	
	£	%	£	%	£	%
(a) **Schools**						
Urgent repairs (priority 1)	n/a					
Essential repairs (priority 2)	n/a					
Desirable repairs (priority 3)	n/a					
Total	n/a					
Overall Cost per m^2 GIA	n/a					
(b) **Other Land & Buildings**						
Urgent repairs (priority 1)	390000	14.3	561,750	14	295,840	12.5
Essential repairs (priority 2)	2,136,725	78.5	3,287,340	82	1,667,350	70.2
Desirable repairs (priority 3)	196,500	7.2	145,100	4	411,375	17.3
Total	2,723,225		3,994,190		2,374,565	
Overall Cost per m^2 GIA	62.94		89.27		45.47	
(c) **Community Assets:**						
Urgent repairs (priority 1)	n/a		n/a		n/a	
Essential repairs (priority 2)	n/a		n/a		n/a	
Desirable repairs (priority 3)	n/a		n/a		n/a	
Total	n/a		n/a		n/a	
Overall Cost per m^2 GIA	n/a		n/a		n/a	
(d) **Non-operational Assets:**						
Urgent repairs (priority 1)	0		0		5850	1.2
Essential repairs (priority 2)	226,500	100	466,800	100	463,150	98.6
Desirable repairs (priority 3)	0		0		900	0.2
Total	226,500		466,800		469,900	
Overall Cost per m^2 GIA	43.23		70.14		70.29	

Objective:-
Measure required maintenance.

Definitions:-
Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation.

Essential work required within two years that will prevent serious deterioration of the fabric of the services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of the legislation.
Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or a minor breach of the legislation.
Comments:- Non-operational assets include our investment portfolio of individual shops and offices, workshops and the Enterprise Centre. It does not include our ground lease portfolio. The indices show for operational property a year on year improvement, this is mainly attributable to the reduction in liability arising from Bousteads Grassing following the impending demolition. .

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year	
	Mar-11
Total Required Maintenance	2,844,465
Annual % Change in total required maintenance from previous year	36 %

Objective:- Measure changes in spend on maintenance.

Definitions:-
Required maintenance is defined as "The cost to bring the property from its present state up to the state reasonably required by the authority to deliver the service and/or meet statutory or contract obligations and maintain it at the standard".
Spend on maintenance covers the total repair and maintenance programme (reactive and planned) including any associated fees for the work. It should also include any capital spending on repair and maintenance.

Comments:-
The total maintenance liability figure is showing a decrease, mainly as a result of the planned demolition of Bousteads Grassing.

PMI 1D: Maintenance Spend			
		2009/10	**2010/11**
(i)	Total spend on maintenance	911,387	997,500
(ii)	Total spend on maintenance per m^2 GIA	15.62	16.93
(iii)	Planned/reactive maintenance split	74% / 26%	74% / 26%

Objective:- Show split in type of maintenance

Definition of Planned and Reactive Repairs:-
Planned – If the work is part of a regular routine e.g. removing leaves from gutters, re-decorations, replacing worn out items, routine servicing of plant etc.
Reactive – If the work is unexpected e.g. leaking roof, broken toilet seat etc. This would include urgent/critical work identified during routine servicing.
To be classified as planned, you do not necessarily need to have known in advance that you would be arranging the work at a specific point in time but you were aware that work would be needed.

Comments:-
Data shows increased spending on the portfolio and no change in the split in maintenance between planned and reactive.

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PMI 2 A, B & C Environmental Property Issues

		2008/09	**2009/10**	**2010/11**
A	Energy Cost – total spend (£) Energy Total Consumption (kwh) Energy Cost per m^2 (£/m^2) Energy Consumption per m^2	 14,431,619 324.30	 13,387,310 300.83	 14,283,142 320.96
B	Water Cost – total spend (£) Water Total Consumption (m^3) Water Cost per m^2 (£/m^2) Water Consumption per m^2 (m^3/m^2)	 8990 0.51	 9369 0.53	 8369 0.47
C	CO2 Total Emissions (tonnes CO^2) CO2 total Emissions/m^2 (Tonnes CO^2/m^2)	4019.38 0.0898	3995.06 0.0903	4132.51 0.09286

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.

Definitions:-

To reduce environmental impacts of operational property.
To highlight areas of poor or mediocre energy and water efficiency/performance and act as a catalyst for improvement.
To compliment the process for ‘Energy Certificates’.
To support the assessment of property performance together with condition and suitability within the framework of Asset Management Planning.

Comments:-

Consumption calculated for those properties for which data sets are available, this is work in progress.
Full set of cost information not available yet due to billing anomalies, however we anticipate that costs have increased due to rises in the energy markets.

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PMI 3 A & B: Suitability Surveys (Local Indicator)			
	Mar-09	**Mar-10**	**Mar-11**
% of Portfolio by GIA m^2 for which a Suitability Survey has been undertaken in the last 5 years	Not available	Not available	Not available
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	Not available

Objective:-
To Local Authorities to carry out Suitability Surveys
enabling them to identify how assets support and contribute to the effectiveness of frontline service delivery i.e. are they fit for purpose.

Definitions:-
To be reported for **all** operational buildings (excluding Schools) occupied by the Local Authority.
To ensure that the property meets the needs of the user.
To enable key decisions to be made.

Comments:-
Suitability surveys will be undertaken on a phased basis as and when resources allow.

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PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-10	**Mar-11**
(A)	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	67.5%	67.5%
(B)	Number of properties for which an Access Audit has been undertaken by a competent person	30	30
(C)	% of Portfolio by GIA sq.m for which there is an Accessibility Plan in place	67.5%	67.5%
(D)	Number of properties for which there is an Accessibility Plan in place	30	30
BV 156	% Percentage of authority buildings open to the public in which all public areas are suitable for and accessible to disabled people	82%	83.8%

Objective:-
To monitor progress in providing access to buildings for people with disabilities.

Definitions:-
To monitor the progress at which Local Authorities carry out access audits.
To enable key decisions to be made.

Comments:-
Year on year PI remains relatively static. The slight improvement is due to a higher proportion of non-compliant properties being disposed of. A level of accessibility has been obtained such that further progress with this indices will be very difficult to achieve without considerable capital expenditure

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PMI 5 A & B: Sufficiency (Capacity and Utilisation) Office Portfolio

		Mar-10	**Mar-11**
A1a	Operational office property as a percentage (% GIA m^2) of the total portfolio	22.8%	20.8%
A1b	Office space per head of population	0.13 sq m	0.12 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	86.4%	78%
A3a	The number of office or operational buildings shared with other public agencies	1	1
A3b	The % of office or operational buildings shared with public agencies	50%	50%
B1	Average office floor space per number of staff in office based teams (NIA per FTE)	14.41 sq m	13.69 sq m
B2	Average floor space per workstation (not FTE)	11.06 sq m	10.87 sq m
B3	Annual property cost per workstation (not FTE)	£1,380.94	£995.64

Objective:-
To measure the capacity and utilisation of the office portfolio. There is an implicit assumption that services should be delivered in the minimum amount of space as space is costly to own and use. For a similar reason an authority should occupy a minimum of administrative accommodation.

Definitions:-
To identify the intensity of use of space.
To assist councils to identify and minimise assets which are surplus or not in use.
To minimise costs of assets (or avoidance of costs from acquiring more space) through intensification of use.
To measure the level of usage.
Net Internal Area (NIA): The usable area within a building measured to the internal face of the perimeter walls at each floor level.
Net Office Space (NOS): NIA less primary circulation space, civic areas, reception areas, canteen facilities and basement store.
Full Time Equivalent (FTE): No of staff based in the building expressed in full time equivalent terms.

Comments:-
The policy of creating open plan layouts where possible and rationalisation and consolidation into the Civic has enabled improvements in this indicator.

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PMI 6: Spend		
	Mar-10	**Mar-11**
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	2.9%	2.8%
Gross Property Costs per m^2 GIA by CIPFA Categories/Types:	£/m^2	£/m^2
Schools		
Operational Buildings	41.50	43.74
Community Assets	N/A	N/A
Non-operational Assets	13.27	12.54
Objective:- To measure the overall property costs and changes over time. This will be backed up by a number of local indicators relating to the various elements of buildings.		
Comments:- Shows slight overall improvement over last year as a proportion of the total revenue budget.		

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PMI 7 A, B, C & D: Time & Cost Predictability

		Mar-10	Mar-11
A	The % of projects where the actual time between Commit to Design & Commit to Construct is within, or not more than 5% above, the time predicted at Commit to Design	100%	100%
B	The % of projects where the actual time between Commit to Construct & Available for Use is within, or not more than 5% above, the time predicted at Commit to Construct	100%	100%
C	The % of projects where the actual cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	100%	100%
D	The % of projects where the actual cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	100%	100%

Objective:-
To measure time and cost predictability pre and post-contract. To identify variability through the design and construction phases of the project, with the added flexibility of optional “local” indicators to start the measures at an earlier stage.

Comments:-
A cautious approach is taken to target setting for project timescales. Costs limits are strictly enforced and projects are amended to meet the budget if unforeseeable events result in increases beyond the contingency sum. This is reflected in the indicator result.

APPENDIX II

LOCAL PERFORMANCE INDICATORS

APPENDIX II

Local Performance Indicators

Indicator	07/08 Actual	08/09 Actual	09/10 Actual	10/11 Target	10/11 Actual	11/12 Target	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	82.3%	81.81%	82%	85%	83.8%	85%	Improved performance on the remaining buildings will be difficult to achieve due to capital costs.
MI 931 C1 Maximise the occupancy of Council's commercially let business units	94%	90.53%	87.96%	90%	88.03%	90	The downturn in the economy and the impact of the continued recession has severely affected this indicator. The target, which was unrealistic, has been reviewed.
LP 58 Maximise the amount of the Council's property in sustainable condition and suitable for use.	94%	96%	94%	94%	n/a	n/a	Data collection for this P.I. has ceased it is now covered by the national indicators.
LI485 Carbon dioxide emissions from our buildings measured in tonnes.	4640	4,404	4,297	-	n/a	n/a	No longer collected replaced by National Indicator 185 (CO2 Emissions Reduction) is derived from Total CO2 emissions, now labelled GV001. GV001 is the sum of GV002-007 and these are the component parts that make up total CO2 emissions.