

CARLISLE CITY COUNCIL

Report to:- **Carlisle City Council**

Date of Meeting:- **14 September 2010**

Agenda Item No:-

Public

Title:- **ASSET MANAGEMENT PLAN**

Report of:- **ASSISTANT DIRECTOR (RESOURCES)**

Report reference:- **RD 037/10**

Summary:-

The Asset Management Plan for 2010 – 2015 has been considered at the Executive meetings of 26 July and 2 September 2010 and Resources Overview and Scrutiny Panel on 29 July 2010. 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 2010 - 2015

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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 28/20; RD 31/10; RD 37/10



Managing property as a resource for the City

ASSET MANAGEMENT PLAN

2010 - 2015

ИЗВЕСТИО И РЕОБЕ



ASSET MANAGEMENT PLAN 2010 - 2015

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The Council

Carlisle City Council delivers services to just over 100,000 people and has a net revenue budget of £17.484 million for 2010/11 and capital expenditure of £12.459 million for 2010/11. The Council uses its property resources to deliver services and improve quality of life for local people.

The Council's asset base is one of its key financial resources, with a rental income of around £5.2 million per annum and an asset value of £137.5 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.

The Asset Management Plan and Council Priorities

The Carlisle City Council Corporate Plan 2010/2013 identifies the environment and the economy as the two priorities for the Council in the coming years.

The local environment priority is about improving the places where people live by tailoring services to community's needs through Area based teams.

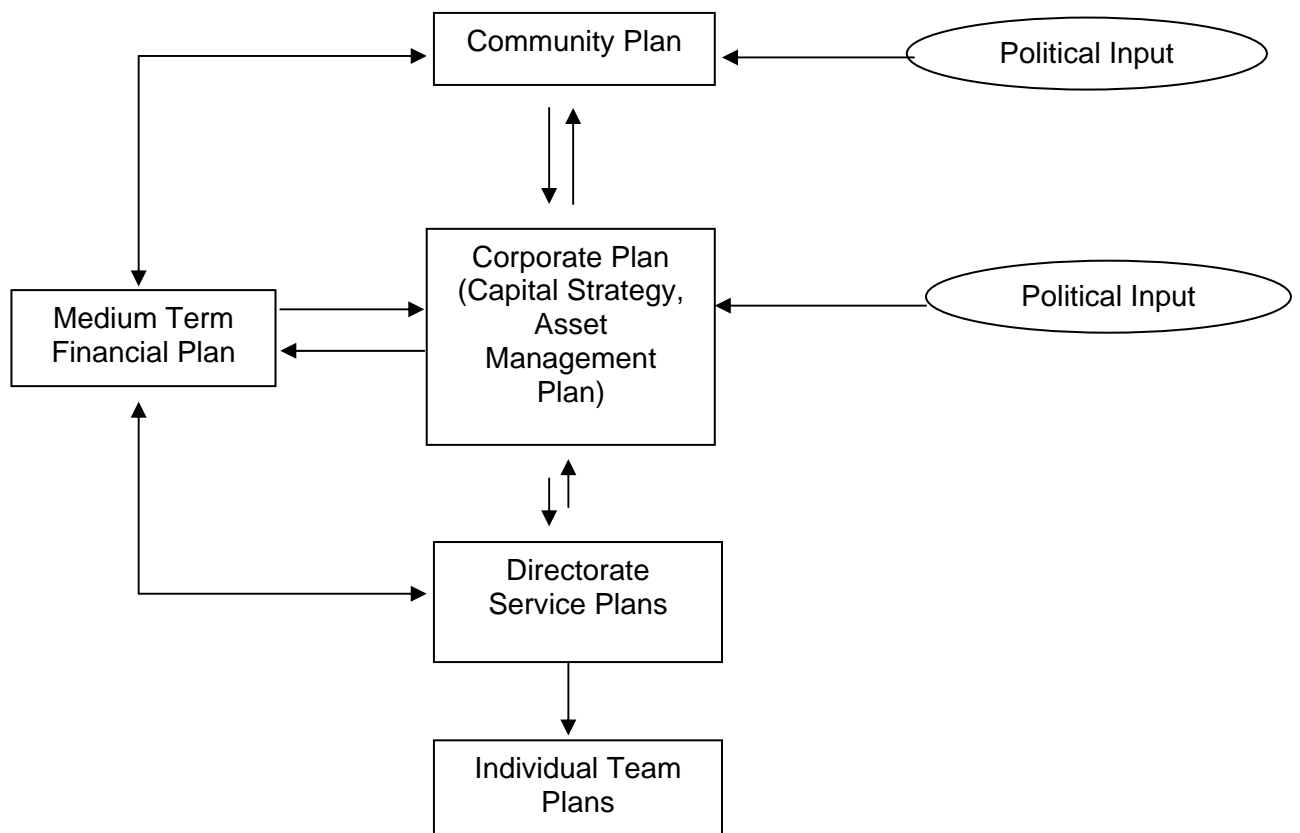
The economic priority is about growing Carlisle for the future, strengthening its economic position, seeking opportunities for investment, growing the population, providing more homes, supporting a thriving City Centre and the growth of businesses.

Faced with the impact of the economic recession and the imposition of severe spending cuts the Council is also 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 3 years by £3 million.

This asset plan describes how the Council's strategies and policies for its property portfolio will support these emerging 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 capital resources.

The Council's Strategic Planning Framework

This is the mechanism for generating the Council's key priorities and targets for the next five years and for ensuring that the financial and planning processes are aligned and consistent.



Organisational Framework

The organisational framework for the delivery of property functions is in the process of change in tandem with the Council's Transformation Programme and Asset Review. 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 has ceased to exist.

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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 next phase of the Asset Review. As part of the transformational review of Directorates the Property Services, Facilities Management and Resource Planning Teams have been brought together within the Resources Directorate. Collectively these teams will assume responsibility for providing estate and asset management advice, facility management and capital project advice across the portfolio.

Strategic advice, in terms of economic development activity will be delivered through the Economy Directorate. Both Directorates report through the Senior Management Team (SMT) which effectively replaces the role previously undertaken by CAMG. In the interim until the organisational changes are completed, SMT will oversee property and report through the normal Council channels

The revised structure will be formalised in due course as the outcome of the Asset Review and the needs of the service delivery become clearer, details will be brought back to Members with an update of the Asset Management Plan (AMP) in due course.

The terms of reference for SMT, which replaces CAMG 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.

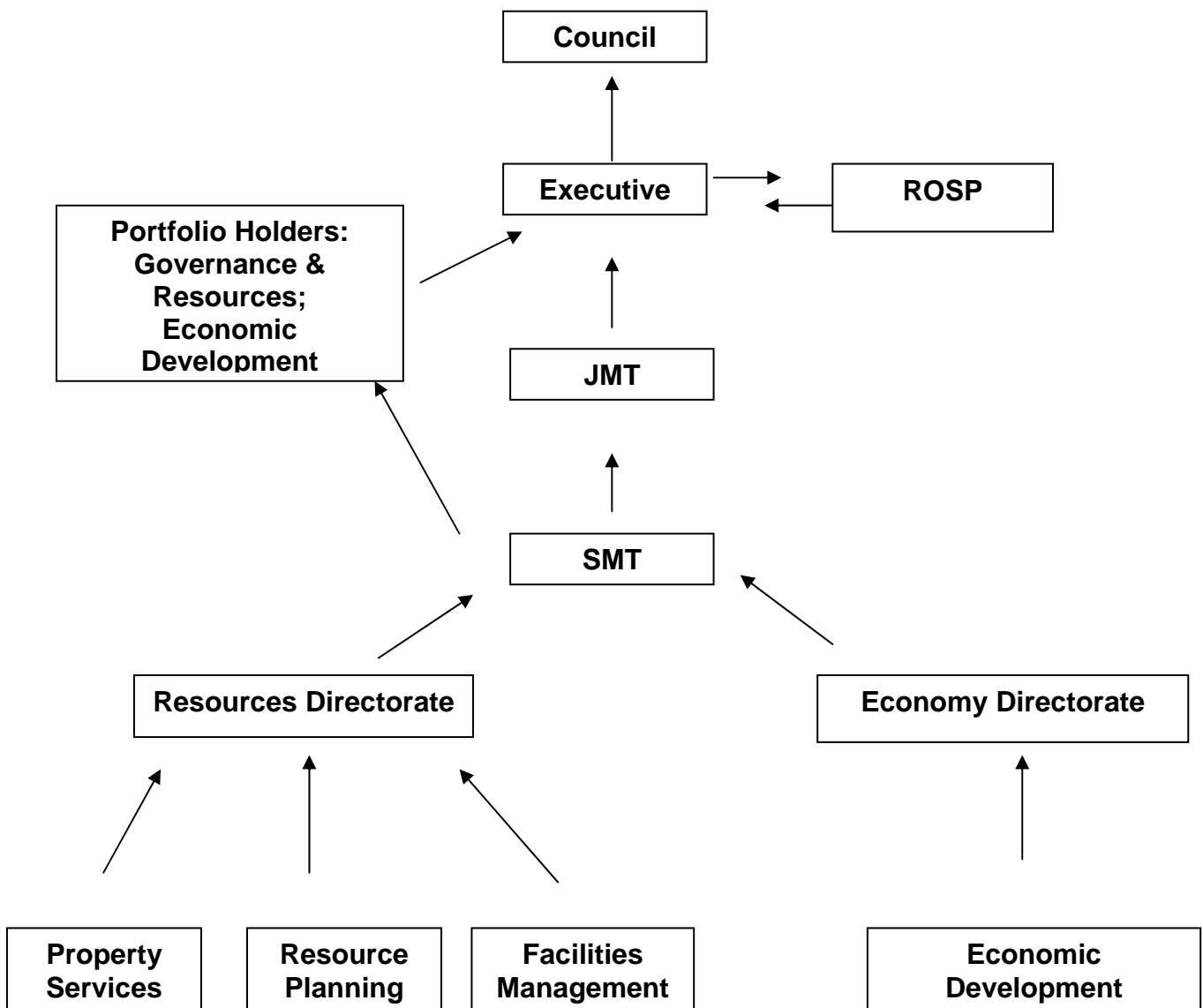
SMT meets weekly and membership comprises

- ◆ Chief Executive Officer
- ◆ Strategic Director & Deputy Chief Executive
- ◆ Strategic Director
- ◆ Assistant Strategic Directors of Resources, Governance, Economy, Community Engagement and Local Environment

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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



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, monitoring and updating 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 equitable use of assets.

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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 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.

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 People, Policy and Performance, 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.

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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 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 2009/10 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 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. The results of this will be reported to members in due course when the AMP is further updated together with the next phase and outcome of the Asset Review. 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 spend, the cost of energy, water and CO₂ emissions, accessibility and space utilisation. Suitability surveys and assessments on the operational portfolio haven't yet been undertaken, it is anticipated a programme to commence surveys will begin during the course of this year, work on establishing a framework and protocol for implementing these is underway.

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 CO₂ emissions from our buildings.

Policy and Strategy

1. *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 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

2. *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

3. *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 £1,200,000 in 2010/11, and £1,000,000 between 2011/12 and 2015/16, in line with the Capital Strategy and Medium Term Financial Plan.

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.

4. *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 in the Capital Strategy.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives, particularly its priorities of Environment and Economy.

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.
- Whole life costing and option appraisals exercise is undertaken.

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 2007 (CSR07) 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 CSR07 takes forward the conclusions of the SNR.

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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.

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.

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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 (KLoE). The last published scored assessment under this regime was in 2008, where, for management of its asset base, the Council achieved a respectable 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.

Changes in the External Environment and Implications for Property

The underlying economic factors affecting the national economy apply to Carlisle subject to unique geographical characteristics. 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.

Mainly sub-regional and local developers and investors 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 – subject to a time delay because of its location.

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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 the need for a geographic time consuming commitment, developers will prefer more profitable southern locations: where rental growth increases more rapidly and over longer periods. The focus of the Carlisle Economic Strategy is therefore to address the conditions that will make Carlisle more attractive to investors.

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 at the leading edge of public – private partnership working.

The changing economic climate, both at a national and local level, arising from the “credit crunch” and restricted borrowing regimes is impacting on the local property market. The Government's May budget proposals to cut public spending by 25%, to redress the budget deficit, will fuel 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, and indeed possibly seeds of recovery, 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 £130 million (2009) to £137.5 million (2010). This is largely due to the revision in the value of the Council's retail site at Morton, where the Council is in the process of submitting an outline planning application for a superstore and district centre. The investment portfolio is fortunately quite resilient, but rental income has shown a slight decline over the short term, mainly arising from the retail part of the portfolio and it will be several years before growth is likely to come back.

Opportunities to generate capital receipts will undoubtedly remain at a low ebb with the continued downturn in the market, disposal receipts are likely to decline in the foreseeable future, and will be more difficult to achieve in the current economic climate.

The Existing Portfolio and Current Performance

Asset Value as at 31 March 2010.

	Operational assets		Non operational assets		Total
	Community Assets	Land & Buildings	Investment	Surplus	
No of assets	57	79	51	27	214
Total income	23,000	317,000	£4,752,000	£60,000	£5,152,000
Capital value	-	£37,000,000	£80,000,000	20,500,000	£137,500,000
Capital Expenditure	£1,072,000	£2,010,000	£1,575,000	-	£4,657,000
Asset Reserve		-	£1,000,000	£1,000,000	£2,000,000
Capital Receipts		-	-	-	-
Maintenance backlog		£4,460,990	£2,000,000	-	£6,460,990

NB The total capital spend in 2009/10 was £10.26 million. However this did not all relate to property assets, £3.2 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 £2.4 million was incurred on vehicle plant and equipment.

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Maintenance Backlog

	10/11	11/12	12/13	13/14	14/15
Total Revenue Budget	£718,000	£718,000	£718,000	£718,000	£718,000
Capital Schemes Special Projects	£300,000	£300,000	£300,000	£300,000	£300,000
Asset Investment Fund (Industrial Estates)	£538,000*	-	-	-	-
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 £4.46 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)	42%	Yes
B.	(Good)	37%	Yes
C.	(Mediocre)	12%	Review
D.	(Poor)	9%	No

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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 capital schemes special project fund for the programme 2010/11 has been allocated as follows:-

Civic Centre fire precautions and electrical replacement	£80,000
Civic Centre window replacements	£15,000
Civic Centre lift controls renewal	£70,000
Asbestos removal to various properties	£5,000
West Walls / Historic Fabric enhancement	£20,000
Public Toilets refurbishment	£25,000
DDA / Accessibility improvements to various properties	£25,000
Currock Community Centre window replacement	£10,000
Various properties electrical replacements	£35,000
Various properties air conditioning replacement	£10,000
Dixon Chimney masonry repairs	<u>£5,000</u>
TOTAL	£300,000

Continuous Review and Challenge

1. The City Council holds a significant 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.
3. It has a diverse and mixed non-operational (predominantly commercial) 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, but needs to plan for future investment and development to allow it to continue to do this.
5. There is a significant opportunity to create dynamic and robust support to the local economy 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 improve efficiency. An Accommodation Review has been commenced as an integral part of the Transformation Programme to review the corporate approach to accommodation, make more effective use of space, improve our working environment and make it as productive as possible. The scope of the project covers all the City Council's operational buildings with a phased approach commencing with the Civic Centre and the depots.
7. A review of the City Council's assets is being undertaken to rationalise the portfolio, improve returns, sustain the quality and economic value of the assets, and secure management efficiencies. As part of this process, further investigation is underway to examine the Property Portfolio Options and the sort of model which might be appropriate to maximise the potential of the Council's assets and help deliver the Council's Economic Development Strategy into the future. This could involve a Local Asset Vehicle (LAV) for part of the portfolio, site by site joint ventures or some combination of these and other activities. A LAV would involve a public private property partnership and the establishment of a special purpose vehicle into which the public sector transfer property assets and the private sector partner contributes cash and other resources.

8. The Council's investigations into future options for its property portfolio, and the development of a new approach to the management and utilisation of its own assets, has been supported and informed with advice from the Homes & Community Agency, the consultants Montagu Evans LLP, and a process of consultation with stake holders and partner organisations.

The Council has agreed in principle to:-

- A higher priority for the management of property within the corporate structure.
- A different more strategic way of working.
- Learning from the private sector in the way property is managed and decisions taken.
- Investing to improve the Council's capability.
- Funding up to £200,000 to progress the work.

The Council has also concluded that:-

- The “do nothing” and single asset vehicle options are rejected.
- Classifying the portfolio into 3 categories of assets namely operational, investment and strategic, provides a sound base for future business planning and development of a coherent strategy.
- To implement change and capitalise on opportunities the Council will need access to financial resources, skills and expertise and require assistance from the private sector.
- Organisationally the Council will need to introduce procedures, structures and processes to enable effective partnership working with the private sector.

Funding has been sought to put interim arrangements in place to provide additional investment asset advice and support to the Authority, in order to implement the project delivery plan over the next 12 months, bringing in an interim Investment Asset Manager to provide the Council with the capacity and expertise to advise on the structures and arrangements for the effective management of the portfolio.

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9. As an adjunct to the Asset Review the Council is also undertaking an Accommodation Review of its operational portfolio. 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, undertaken in phases. It will cover all the City's operational buildings with an initial focus on the Civic Centre and Bousteads Grassing. 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 capital receipt savings and income.

The entire project, including the implementation phases for office accommodation, stores / depot provision and meeting rooms, should all be completed within 3 years.

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.


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- 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 a new strategy, will create robust support to economic development initiatives.
- 6 The Asset Review will investigate the potential, and look at the Property Portfolio Options to deliver the Council's future agenda most effectively.
- 7 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

		Asset Management Plan		
		Appendix : Property Performance Indicators		
COPROP Property Management Initiative Property Performance Indicators (PMI's)				
<u>PMI 1A: % gross internal floor-space in condition categories A- D</u>				
		<u>Mar-09</u>	<u>Mar-10</u>	<u>Mar-11</u>
(a) Schools: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)		n/a n/a n/a n/a	n/a n/a n/a n/a	
(b) Other Land & Buildings: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)		34% 40% 19% 7%	42.4% 36.4% 12% 9.2%	
(c) Community Assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)		n/a n/a n/a n/a	n/a n/a n/a n/a	
(d) Non-operational assets: Good condition (category A) Satisfactory condition (category B) Poor condition (category C) Bad condition (category D)		0% 19% 6% 75%	0% 19% 6% 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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	Asset Management Plan
	Appendix : Property Performance Indicators


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 m² 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		
Essential repairs (priority 2)	2,136,725	78.5	3,287,340	82		
Desirable repairs (priority 3)	196,500	7.2	145,100	4		
Total	2,723,225		3,994,190			
Overall Cost per m ² GIA	62.94		89.27			
(c) Community Assets:						
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					
(d) Non-operational Assets:						
Urgent repairs (priority 1)	0		0			
Essential repairs (priority 2)	226,500	100	466,800	100		
Desirable repairs (priority 3)	0		0			
Total	226,500		466,800			
Overall Cost per m ² GIA	43.23		70.14			
Objective:-						
Measure required maintenance.						

Definitions:-

Priority 1. 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.

Priority 2.	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.
Priority 3	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. All priority 1 repairs are included in the planned maintenance programme and will be carried out as soon as possible subject to operational considerations. .	

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PMI 1C: Annual Percentage change to total required maintenance figure over previous year

	Mar-10
Total Required Maintenance	4,460,990
Annual % Change is total required maintenance from previous year	51%

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 an increase, further work is in hand to analyse this data and explain the circumstances.

PMI 1D: Maintenance Spend

		2008/09	2009/10
(i)	Total spend on maintenance	840,546	911,387
(ii)	Total spend on maintenance per m ² GIA	14.38	15.62
(iii)	Planned/reactive maintenance split	73% / 27%	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 to improve the portfolio and a small change in the split in maintenance towards planned.


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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)	14,431,619	13,387,310	
	Energy Cost per m ² (£/m ²)			
	Energy Consumption per m ²	324.30	300.83	
B	Water Cost – total spend (£)			
	Water Total Consumption (m ³)	8990	9369	
	Water Cost per m ² (£/m ²)			
	Water Consumption per m ² (m ³ /m ²)	0.51	0.53	
C	CO2 Total Emissions (tonnes CO ²)	4019.38	3995.06	
	CO2 total Emissions/m ² (Tonnes CO ² /m ²)	0.0898	0.0903	
Objective:- 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:- <ul style="list-style-type: none"> Consumption calculated for those properties for which full data sets are held for both years. 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. The trend shows consumption is reducing which is positive along with 				


consequent reduction in CO² emissions.

- Increased water consumption due to burst pipes during severe winter weather.

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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	
Number of properties, for which a Suitability Survey has been undertaken over the last 5 years	Not available	Not available	
Objective:- To encourage 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. Work is now underway on establishing the framework and basis for implementing these surveys.			

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PMI 4 A, B, C & D: Provision of access to buildings for people with disabilities			
		Mar-09	Mar-10
(A)	% of Portfolio by GIA sq.m for which an Access Audit has been undertaken by a competent person	67.5%	67.6%
(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%	67.6%
(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%	82%
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 static. 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-09	Mar-10
A1a	Operational office property as a percentage (% GIA m ²) of the total portfolio	21.7%	22.8%
A1b	Office space per head of population	0.13 sq m	0.13 sq m
A2	Office space as a % of total floor space in operational office buildings using NOS to NIA	86.4%	86.4%
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)	13.70 sq m	14.41 sq m
B2	Average floor space per workstation (not FTE)	14.87 sq m	11.06 sq m
B3	Annual property cost per workstation (not FTE)	£1,457.08	£1,380.94
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:-


This new indicator will allow us to benchmark with other authorities and demonstrate year on year changes which will arise from the Accommodation Review. The policy of creating open plan layouts where possible will enable improvements in this indicator. The data for this PI is still in the course of collection and analysis, the figures provided at the moment are therefore provisional only.

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PMI 6: Spend														
	<u>Mar-09</u>	<u>Mar-10</u>												
Gross Property Costs of the operational estate as a % of the Gross Revenue Budget	3.5%	2.9%												
Gross Property Costs per m ² GIA by CIPFA Categories/Types: <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right; padding-right: 20px;">Schools</td><td style="text-align: center;">£/m²</td><td style="text-align: center;">£/m²</td></tr> <tr> <td style="text-align: right; padding-right: 20px;">Operational Buildings</td><td style="text-align: center;">45.52</td><td style="text-align: center;">41.50</td></tr> <tr> <td style="text-align: right; padding-right: 20px;">Community Assets</td><td style="text-align: center;">N/A</td><td style="text-align: center;">N/A</td></tr> <tr> <td style="text-align: right; padding-right: 20px;">Non-operational Assets</td><td style="text-align: center;">13.38</td><td style="text-align: center;">13.27</td></tr> </table>	Schools	£/m ²	£/m ²	Operational Buildings	45.52	41.50	Community Assets	N/A	N/A	Non-operational Assets	13.38	13.27		
Schools	£/m ²	£/m ²												
Operational Buildings	45.52	41.50												
Community Assets	N/A	N/A												
Non-operational Assets	13.38	13.27												
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 improvement over last year as a proportion of the total revenue budget. Data compilation in this PI is being improved upon annually.														

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PMI 7 A, B, C & D: Time & Cost Predictability			
		<u>Mar-09</u>	<u>Mar-10</u>
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

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APPENDIX II

Local Performance Indicators

Indicator	06/07 Actual	07/08 Actual	08/09 Actual	09/10 Target	09/10 Actual	10/11 Target	Comments
BV 156 Percentage of buildings open to the public suitable for and accessible to disabled people	82.35%	82.3%	81.81%	85%	82%	85%	Improved performance on the remaining buildings will be difficult to achieve due to capital costs.
LP 57 Maximise the occupancy of Council's commercially let business units	96%	94%	90.53%	95%	87.96%	95%	The downturn in the economy and the impact of the continued recession has severely affected this indicator. The target, which is unrealistic, is being reviewed.
LP 58 Maximise the amount of the Council's property in sustainable condition and suitable for use.	93%	94%	96%	94%	94%	94%	New indicator from 2006/07. Residue of Category D premises requires considerable expenditure or replacement
LI485 Carbon dioxide emissions from our buildings measured in tonnes.	-	4640	4,404	-	4,297	-	New indicator from 2009/10. The Council has set an aspirational target of achieving a 25% reduction in CO2 across its operations by 2012/13 of which 20% will be from buildings. Provisional figure based on currently available data.