



*Agenda item 16(g)*

## PORTFOLIO AREA: FINANCE & RESOURCES & ECONOMY PROSPERITY

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Date of Meeting: 8 July 2002

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Public

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Key Decision: Yes

Recorded in Forward Plan: Yes

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Inside Policy Framework Yes

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Title: ASSET MANAGEMENT PLAN IMPLEMENTATION STRATEGY

Report of: DIRECTOR OF ENVIRONMENT & DEVELOPMENT &  
HEAD OF ECONOMIC DEVELOPMENT UNIT

Report reference: EN 069/02 & EDU 10/02

### Summary:

A number of key pieces of work require implementing to drive the Asset Management Plan forward. This report outlines a recommended strategy and seeks Members' approval to the approach.

### Recommendations: It is recommended that:

1. The proposed strategy and priorities be agreed;
2. The Property Services trading account surplus be recommended to Council for release to fund the priorities;
3. The economic, property and planning research report be agreed;
4. The Capital Strategy and Asset Management Plan submission be considered by the Executive on 29 July as proposed in the Forward Plan.

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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: None

## 1 BACKGROUND

### 1.1 The Best Value Inspectors' recommendations for Property include, in relation to Asset Management:

*That specific proposals be formulated within six months of publication of the report (March 2002) to:*

- ♦ *Maintain the fabric and worth of the community's property assets through a programme of asset maintenance;*
- ♦ *Improve liaison and consultation with tenants;*
- ♦ *Clarify the Council's community and financial aims for property in one consistent policy expression; and*
- ♦ *Develop criteria for decisions on whether to dispose of property.*

*In addition, it is recommended that the following organisational and work priorities be formally adopted and that project and resource plans be developed for them:*

- ♦ *Complete property reviews for the whole urban area;*
- ♦ *Improve data on property holdings;*
- ♦ *Define a small suite of performance indicators for property, including those specified by Government, together with challenging but realistic targets, and monitor performance against those targets;*
- ♦ *Conduct a corporate review covering all property; and*
- ♦ *Advance Geographical Information Systems based asset management ensuring a consistent corporate approach.*

### 1.2 Simultaneously, when judging the strengths of a Council's approach to Asset Management, Government Office Northwest require evidence of action when they rate the 2002/03 plan.

### 1.3 This report sets out a strategy which will implement this.

### 1.4 Principal Drivers and Likely Priorities

1. Completed by April 2002	<b>SURPLUS ASSETS DISPOSAL STRATEGY</b> (ie criteria for decisions on whether to dispose property to raise finance to maintain the fabric and worth of assets developed and implemented).	MINIMUM £500,000 ANNUAL TARGET SET FROM 03/04
2. By July 2002	<b>ASSET MANAGEMENT PLAN</b> (ie Including defining a small suite of performance indicators with targets).	SUBMIT YEAR 2 PLAN JULY 31 2002



3.	CURRENT COUNCIL INITIATIVES	
	OPERATIONAL ASSETS	NON-OPERATIONAL ASSETS
	1. LSVT Ballot and outcomes. 2. Leisuretime Process. 3. Restructure. 4. Disabled Discrimination Adaptations <i>(ie maintain the fabric and worth of the Community's property assets)</i>	1. Lanes Consolidation. 2. Airport Disposal. 3. Kingmoor Park Transfer 4. Market Hall assignment } Completed 01/02

4.	NEW CONSULTATION AND RESEARCH	
	OPERATIONAL ASSETS	NON-OPERATIONAL ASSETS
	1. User Focus Group to establish by August. 2. Analyse findings into policy options. <i>(ie Improve liaison and consultation).</i>	1. Kingstown Business Association Met on 29 May 2002. 2. Carlisle Property Forum meet on 9 July 2002. 3. Economic research work. 4. Establish Focus Group from contacts. 5. Analyse findings into policy options.

5.	INFORMED STRATEGIC DECISIONS	
	OPERATIONAL ASSETS	NON-OPERATIONAL ASSETS
	1. Acquire Property Database. 2. Conduct a Corporate Review covering all property. <i>(ie improve data on property holdings and conduct the Property Review).</i>	

6.	POLICY DEVELOPMENT	
	OPERATIONAL ASSETS	NON-OPERATIONAL ASSETS
	Policy recommendations for Members consideration. <i>(ie Clarify the Council's community and financial aims for property in one consistent policy expression).</i>	

## 1.5 Priorities

1.5.1 In order to identify policy options for Members' consideration, the Council is advised to properly identify:

- (a) The number, type and location of assets required to the support of City Vision and the Corporate Plan.
- (b) The cost of running the assets in order to identify improvements to the way they are managed – and save costs.

1.5.2 Various strands of priority work are required as outlined in 1.6 to 2 below.

## 1.6 Database Specification

1.6.1 Systems for performance measurement and data capture are to be put in place.

1.6.2 A specification is ready to pursue a tender exercise and is available if Members' wish to see it.

1.6.3 The process was:

- ◆ What we did

To enable Officers to make an informed decision on the method of procurement of a new Property Database, visits were made with several other Local Authorities in order to establish what route they took to fulfil their obligations under Best Value and Asset Management Planning. Most had gone for the "off the shelf" package, tailored to their particular needs, and only one had written software in house. The option of a bespoke system was written off at an early stage due to excessive costs.

- ◆ Who We Benchmarked With

A number of local authorities were chosen to meet and compare strategy with, generally based on the similarity of their property portfolio. Chester, Exeter and Canterbury were obvious choices, but for the sake of completeness, Lancashire, Northampton, Blythe Valley, Durham, Sheffield and Bolton were all consulted as to their method of data capture and interrogation.

- ◆ What Other Local Authorities Learned

Generally speaking, writing software in-house was not an option due to the lack of personnel with both property and IT expertise. Lancashire County Council have written an excellent package, although it has taken some 3 years.

- ◆ Of the "off the shelf" packages available, there have been 4 front runners because of the level of flexibility afforded by each company. These companies, with more ability to use a basic database but tailor the system to the needs of the authority in question, are to be invited to tender.

- ◆ Who Did We Involve

An Asset Management Officer Group was set up internally, involving officers from Treasurers, IT, and Corporate Planning, to allow for a corporate approach to be taken.

1.6.4 Further to the visits to sites, Officers concluded that an "off the shelf" system is preferable. This is a very embryonic and specialist market and the Members are



recommended that Clause 4(2)(a) of the Contracts Procedure Rules should apply, which will mean five specialist firms will be invited to submit tenders – rather than a general advertisement.

1.6.5 This recommendation is based on the number of current clients, the experience and longevity of the firms, verbal references and site visits. Only systems that have been proved in the field will be considered to avoid the Council being used as a pilot.

1.6.6 As part of the tender evaluation process, Officers will consider in detail all the proposals made by the tenderers and evaluate them against a predetermined matrix.

1.6.7 The timescale for the tender process is:-

- (1) 10 July – out to tender.
- (2) 17 July – deadline date for tender enquiries.
- (3) 24 July – tenders in.
- (4) 31 July – evaluation completion.
- (5) 8 August – additional site visits during that week. Take up written references.
- (6) 15 August- award

## 1.7 Economic Research

1.7.1 A brief is being prepared for a piece of work to be undertaken by consultants that will help align the Council's objectives in Asset Management, Planning policy and Economic Development.

1.7.2 Economic Development - Although work has been done on an economic assessment of Carlisle (as part of a countywide study), this did not take into account the extent to which the local property market and property infrastructure supports business development and investment. An assessment of the strengths and weaknesses of Carlisle in this respect will be important in providing evidence for any economic development interventions the Council may wish to consider in the future.

1.7.3 Planning - The review of the Local Plan has been delayed because of the delay in the publication of Regional Planning Guidance for the North West (RPG13). This in turn has delayed the review of the Cumbria and Lake District Joint Structure Plan both of which have to be considered in the review of the District Local Plan. Issues for the Local Plan will be published this autumn (2002) with the 1st Deposit Draft in the autumn of 2003, the 2<sup>nd</sup> Deposit Draft in the summer of 2004 and a Local Plan Inquiry at the beginning of 2005.

- 1.7.4 Asset Management - The Council's portfolio owned to pursue economic development objectives is considerable. It is at a crossroads, being fully let in the main. Research is required to ascertain whether the public ownership of assets in Carlisle is still enabling the economy to grow or whether there should be a wholesale review.
- 1.7.5 The work will have two main outcomes. First it will review the local property market, define its strengths and weaknesses, and identify those issues that will affect its vitality in the future. Secondly, it will make recommendations on the Council's role in promoting appropriate investment and development – as landowner, as planning authority, and from an economic development perspective.
- 1.7.6 The Executive is invited to authorise officers to seek tenders for the work from companies that have the necessary breadth of experience based upon their:
- Record of policy advice to Local Authorities in the combined areas of Asset Management, Planning and Economic Development.
  - Ability to service Carlisle at reasonable cost including a regional presence in the NW, NE or Scotland.
- 1.7.7 The brief has been prepared corporately and is available if Members' wish to see it. It is recommended to be accepted as a basis for appointing consultants. Funding is identified.
- 1.8 Kingstown / Kingmoor Consultation
- 1.8.1 An initiative to develop a business network for the Kingstown area has begun with about 35 representatives from local businesses attending the first meeting, including some from Kingmoor Park – which hosted the meeting. This is being done with the active involvement of both Business Link and Chamber of Commerce.
- 1.8.2 The purpose of the network is to promote access to business support organisations and create a vehicle for the businesses on the estate to liaise with the Council on land and property management issues. Ideas from the meeting such as a web based Bulletin Board site for the estates are being pursued. The network will be used to discuss future policy issues and consult on improvements to the estate.
- 1.8.3 The signage on the estates are particularly poor and require early investment. Planning permission has recently been obtained for Parkhouse marketing signage. A more comprehensive scheme is recommended to include appropriate highway signage. A further report will be submitted to the Executive in the autumn, once the full costs and funds are known, but this is recommended as a priority.
- 1.9 Civic Centre Review
- 1.9.1 The Council's Best Value Organisational Review will drive issues.
- 1.9.2 Valuation work is ongoing to recommend the best management arrangements.



1.9.3 A long-term appraisal will require substantial work. There are major implications for the strategy of the City Centre. An option paper will be presented to Members for consideration in the autumn after consultation.

1.10 Disabled Discrimination Act Alterations

1.10.1 The Executive approved funding as part of the Asset Management Plan to the sum of £180,000.

1.10.2 Work is programmed and is being implemented as shown on the attached sheet.

## **2 CONSULTATION**

2.1 Consultation to Date - Government Office North West, District Audit, Best Value Inspectorate, Asset Management Officer Group, Development Advisory Group, North West Development Agency.

2.2 Consultation proposed – A consultation strategy which begins on 9 July, with a business lunch which will inform local stakeholders about the way forward for asset management. This paper will form the bases of information. Two focus groups are suggested – one for the non-operational assets and one for the operational assets. It is intended to use the services of the University of Northumbria to assist.

## **3 STAFFING/RESOURCES COMMENTS**

3.1 This report outlines areas of new work which will require funding – and will generate substantial improvements to the way this Council manages its assets.

3.2 In order to finance the work, the following release of resources is recommended:

3.2.1 The release of the £100,000 of capital resources already allocated to demonstrate the Council's willingness to fund the acquisition of a database. It is estimated that this will cost about £80,000 - this will become clear once the tender exercise is conducted.

3.2.2 To agree to the release of the Property Services trading surplus to expend on the priorities noted in this report in addition to funding from Economic Development.

3.2.3 To support the principle that capital be invested upon signage at Kingstown a scheme is to be costed, in partnership with Kingmoor Park Properties Ltd.

3.2.4 The Disabled Discrimination work funding is allocated and agreed.

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

4.1 The utilisation of any internal business unit surplus requires the approval of the Executive up to £10,000, and the Council for any amount over £10,000.

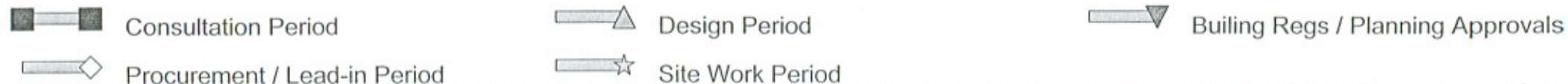
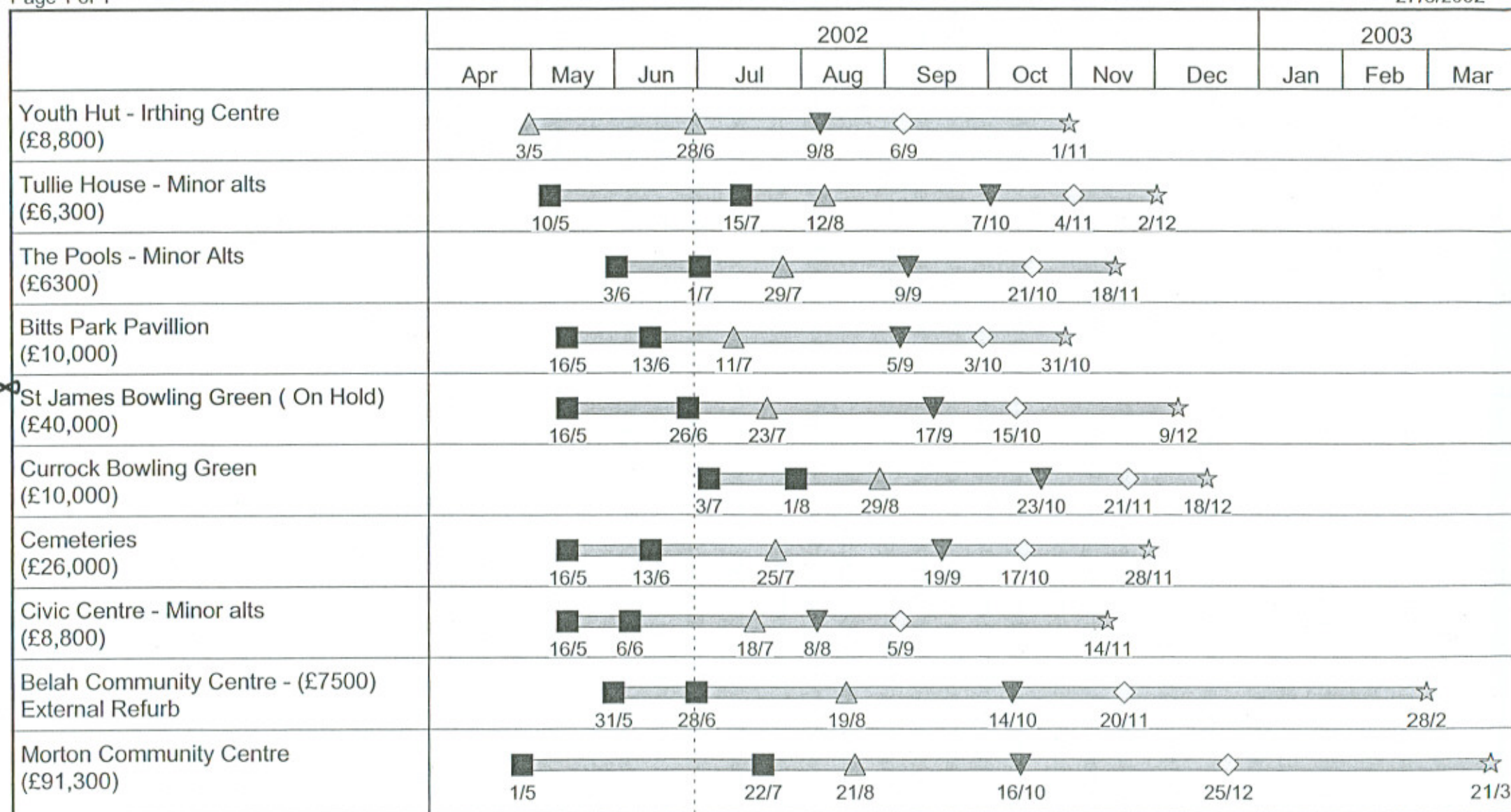
4.2 The Property Trading net surplus is £33,000

4.3 Economic Development funds available are £5,000.

# Disability Discrimination Act - Proposed Timescale 2002/03

Page 1 of 1

27/6/2002





## **5 LEGAL COMMENTS**

- 5.1 Consulted.

## **6 CORPORATE COMMENTS**

- 6.1 Included through the Asset Management Officer Group.

## **7 RISK MANAGEMENT ASSESSMENT**

- 7.1 If the recommendations are not accepted:
  - 7.1.1 Income will decline if asset reinvestment is not pursued.
  - 7.1.2 The Best Value Review for Property Services will not be implemented.
  - 7.1.3 Businesses will be disappointed if there are no improvements to the industrial estates.
- 7.2 Information will be inadequate to make informed policy decisions for the future.

## **8 EQUALITY ISSUES**

- 8.1 None.

## **9 ENVIRONMENTAL IMPLICATIONS**

- 9.1 Included in the Asset Management Plan.

## **10 CRIME AND DISORDER IMPLICATIONS**

- 10.1 Included in the Asset Management Plan.

## **11 RECOMMENDATIONS**

- 11.1 The proposed strategy and priorities be agreed;
- 11.2 The Property Services trading account surplus be recommended to Council for release to fund the priorities;
- 11.3 The economic, property and planning research report be agreed;
- 11.4 The Capital Strategy and Asset Management Plan submission be considered by the Executive on 29 July as proposed in the Forward Plan.

## **12 REASONS FOR RECOMMENDATIONS**

- 12.1 To implement the Asset Management Plan
- 12.2 To implement District Audit and Best Value Inspectors' recommendations.
- 12.3 To demonstrate continuous improvement.