

**ASSET MANAGEMENT PLAN
(Report by the Head of Legal and Estates)**

1 PURPOSE

The purpose of this report is to acquaint the Cabinet with the National Property Performance Indicators (NPPI's) in respect of the Council's property portfolio and to consider the implications of new guidance and changes to the Comprehensive Performance Assessment.

2 BACKGROUND

2.1 Information is produced annually on five NPPI's. Guidance commissioned by the Office for the Deputy Prime Minister (ODPM) was expected in 2004 but was subsequently not published until July 2005. A summary is provided in Section 4.

2.2 Following extensive consultations a revised set of NPPI's has been produced. These are referred to in Section 5.

2.3 The Management of Assets is now one of the key lines of enquiry in new procedures for Comprehensive Performance Assessment (CPA) and this is considered in more detail in Section 6.

3 REPORT ON NPPI's

3.1 Outcomes on the NPPI's for 2003/2004 and 2004/05 are set out in Appendix A. The following paragraphs provide a brief commentary on the indicators and, where appropriate, comparison is made with other authorities based on the returns collated by the Institute of Public Finance AMP network (IPF) for 2004.

3.2 NPPI 1 – Condition and Maintenance Backlog

Backlog is defined as "the cost to bring a building from its present state up to the state reasonably required to deliver the service or to meet statutory or contractual obligations"

The improvements noted last year have continued with a 60% reduction in Category C (poor) for operational property. 90% of properties are now in the top two categories which compares favourably with the IPF average of 75%.

The total value of outstanding maintenance has been reduced by 33%, reflecting in particular the improvements carried out during the last year. The backlog of maintenance in the urgent category has been reduced by over £300,000 to less than 1%. Although the percentage within the essential category has increased, this relates to a lower total backlog figure.

3.3 **NPPI 2 – Internal Rate of Return**

The figures reflect the revaluation of assets undertaken last year and are close to the IPF average.

3.4 **NPPI 3 – Annual maintenance costs**

The figure of £2.26 per sq metre is similar to last year's and above the IPF average of £1.54. However this is not considered to be a particularly useful indicator and will in fact be dropped under new proposals.

3.5 **NPPI 4A – Repair and Maintenance**

The figure of £10.69 represents a reduction from last year and is now well below the IPF average of £15.15 per sq metre.

3.6 **NPPI 4B - Energy**

The figure of £11.33 has increased by 10% and remains about 50% above the IPF average. This reflects the age and nature of the Council's assets.

3.7 **NPPI 4C – Water**

The figure of £2.42 is the same as last year and is about 28% above the IPF average. Again this partly reflects the nature of the Council's assets.

3.8 **NPPI 4D – CO² emissions**

The figure of 0.107 tonnes per sq metre has fallen by 7% and is below the IPF average.

3.9 **NPPI 5 A AND B – Capital schemes**

Six schemes met the criteria of which two produced an overspend and one overran the programme by more than 5% partly due to adverse weather. The figures are above the IPF average of 63% (cost predictability) and 66% (time predictability).

4 GUIDANCE

4.1 In 2004 the ODPM commissioned the Royal Institution of Chartered Surveyors to produce guidance on how local authorities should produce Asset Management Plans for their property assets. This was in response to a whole raft of initiatives such as the Best Value Framework, the Gershon Review, the Prudential Code and the Comprehensive Performance Assessment process. These initiatives will require local authorities to take an increasingly strategic view of their property assets to ensure continuing improvements to the management and maintenance of property.

4.2 The guidelines produced seek to emphasise a link between effective property management and improved service delivery in terms of outputs (such as improved property assets) and actions (such as the

better achievement of corporate objectives) and a more efficient and effective service to the public resulting from the improvements in property assets. The guidelines set out objectives – levels of customer/stakeholder satisfaction, affordability, compliance with statutory codes, improved corporate management and environmental issues – and identify the key drivers for continuing improvement. The latter includes the CPA process.

- 4.3 While the guidance is aimed predominantly at local authorities with more significant property assets, it does provide a comprehensive document which will assist in the asset management process.

5. NEW NPPI's

- 5.1 These proposals follow extensive consultation within local government and beyond and are endorsed by the ODPM. NPPI's 2 and 5 – Internal Rate of Return and Capital Schemes - are no longer required and have been replaced by new ones. To distinguish them from the NPPI's they are referred to as Performance Management Initiatives (PMI).

5.2 PMI.1 A, B, C AND D: CONDITION AND REQUIRED MAINTENANCE

Required maintenance is defined as “the cost to bring the property from its present state up to the state reasonably required to deliver the service and/or to meet statutory or contractual obligations and maintain it at that standard”.

PM.1 A and B are the same as NPPI 1 A and B.

C refers to the annual percentage change to the total required maintenance over the previous year.

D refers to the total spend on maintenance in the previous financial year, the total spend on maintenance per sq metre, and the percentage split of total spend on maintenance between planned and responsive maintenance.

5.3 PMI.2 A, B AND C: ENVIRONMENTAL PROPERTY ISSUES

This is the same as NPPI 4 B-C but in addition refers to consumption for energy and water.

5.4 PMI.3 A AND B: SUITABILITY SURVEYS

The objective here is to identify whether assets are fit for the purpose.

A refers to the percentage of the portfolio by floor area for which a suitability survey has been undertaken in the last 5 years.

B refers to the number of properties for which a suitability survey has been undertaken in the last 5 years.

5.5 PMI.4 A, B, C AND D: BUILDING ACCESSIBILITY SURVEYS

As with PMI 3 this is a new local indicator with the objective of monitoring progress in providing access to buildings for people with disabilities.

A. This represents the percentage of the portfolio by floor area for which an access audit has been undertaken.

B. The number of properties for which an access audit has been undertaken.

C. The percentage of the portfolio by floor area for which there is an accessibility plan in place.

D. Is the number of properties for which there is an accessibility plan in place.

5.6 It is intended that these indicators, added to and amended over time, should be regarded as the standard measures for local authority property management. Benchmarking will be promoted as a key element of the initiative, coordinated through the IPF. The ODPM recommend the use of these indicators in preference to the former ODPM NPPI's.

6. CPA – USE OF RESOURCES

6.1 In June 2005 the Audit Commission published guidelines on how it would incorporate the use of resources into Comprehensive Performance Assessments. Within the financial management line of enquiry, auditors now will consider how a local authority manages its asset base.

6.2 The overall score for use of resources will be based on combining scores for each of the four key lines of enquiry.

Level 1	<ul style="list-style-type: none">• Below minimum requirements	Inadequate performance
Level 2	<ul style="list-style-type: none">• Achieving the minimum requirements	Adequate performance
Level 3	<ul style="list-style-type: none">• Consistently above the minimum• Achieving all of the requirements for level 2	Performing well
Level 4	<ul style="list-style-type: none">• Well above the minimum• Achieving all of the requirements for level 3• Showing innovation or best practice	Performing strongly

A summary of the requirements for levels 2 and 3 is set out in Appendix B.

6.3 Relevant Officers have considered the various requirements and concluded that in general terms the criteria in Levels 2 and 3 are being met at present.

7 AMP DEVELOPMENT

- 7.1 The AMP was approved in July 2002 to cover a five year period subject to annual updates and amendments. Information supporting the AMP is reviewed annually and used to produce the NPPI figures. In addition the data is adjusted to reflect any assets disposed of or new assets acquired.
- 7.2 As reported to Cabinet on 15th September 2005, progress is now being made to update the Council's records on land and property. Comprehensive and accurate data will be available in a GIS format by 2006. New software will enable more detailed records to be kept on specific buildings, including records of repairs and maintenance.
- 7.3 Achievements during 2004/05 have included
- refurbishment/improvements proceeding at various Leisure Centres;
 - sale of residential development land with a value of c.£4.4 million;
 - identification of other surplus land for disposal;
 - acquisition of redundant church to consolidate a development site;
 - continuing progress with the HQ office accommodation project; and
 - all assets re-valued as at 1st April 2004 (5 yearly revaluation)

8. CONCLUSIONS

- 8.1 It is essential that property assets are maintained in an appropriate condition in order to ensure that the level of service can be delivered effectively. These are monitored via the relevant Officer Working Group.
- 8.2 The introduction of the new PMI's will focus on key areas and should further assist the process.

9 RECOMMENDATION

- 9.1 It is recommended —
- (a) that the report be received and the information in Appendix A be approved
 - (b) that the Executive Councillor for Resources & Policy be designated to "champion" and to promote efficient and effective asset management in respect of all District Council land and property.

BACKGROUND INFORMATION

Legal and Estates – Asset Management Plan Files
Report to Cabinet Asset Management Plan – Progress Report 15th September 2005

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