

ASSET MANAGEMENT PLAN

(Report by the Head of Legal and Estates)

1. INTRODUCTION

The purpose of this report is to update Cabinet on the National Performance Indicators in respect of the Council's property portfolio for 2006/07 and 2007/08. In addition related asset management issues are also drawn to the attention of Cabinet.

2. BACKGROUND

2.1 Information on property performance indicators, now called Performance Management Indicators (PMIs), has been produced on a regular basis after they were first introduced in 2002. Since the last report the number of indicators has increased and these are summarised in Appendix A together with a brief commentary including, where appropriate, comparison with other authorities using information from the IPF Asset Management Network (IPF). Section 3 highlights the main elements of these indicators.

2.2 Asset Management is now considered a key area of the use of resources assessment undertaken by the Audit Commission. This is referred to in Section 4.

2.3 The report on the community ownership of assets is considered in Section 5.

3. OUTCOMES

3.1 The main changes between 2006 and 2008 and principal highlights are set out below. More detailed comments on the indicators are contained in appendix A.

- There has been a 10% increase in the number of operational properties in category A – good (PMI 1A)
- There has been an improvement in the overall condition of property as outstanding maintenance has been reduced by 27% (PMI 1B)
- The percentage of urgent repairs increased to 2% but this still compares favourably with the national average of 12% (PMI 1B)
- Planned repairs average 40% of all repairs over the last two years (PMI 1D) which is below the IPF average of 56%
- Energy and water costs are above the IPF averages (PMI 2)
- The suitability of operational property has increased from 16% to 43% in the top category (good)

- The number of accessibility surveys has risen to 23% of all operational properties but is still below the national average
- Capital schemes are generally managed well in terms of time and costs compared to national averages.
- PMIs 5 and 6 are new indicators which will be used in future analyses.

4. CPA – USE OF RESOURCES

- 4.1 Performance indicators are an important element of the comprehensive performance assessment and contribute to the overall score for Section 2.3 of the use of resources key line of enquiry i.e how the Council manages its assets.
- 4.2 In 2007 Level 3 assessment was maintained with the following comments from the external auditors:
 “To move to level 4, the Council needs to show evidence of the use of performance measurement and bench marking in its asset management. However the Council will need to consider the costs and benefits of addressing these issues”. In 2008 due to a temporary shortage of resources the assessment slipped to level 2; however the issues raised are now being addressed during 2008/09 so that the higher assessment can again be achieved.

5. COMMUNITY OWNERSHIP OF ASSETS

- 5.1 A Government sponsored report (the Quirk Report) was published in 2007 which considered issues relating to the transfer of local authority assets to community based organisations. A more detailed summary of the report and the implications for the Council are contained in Appendix B. The Council already has a number of existing arrangements with community groups with leases granted at nominal or low rents such as the Maple Centre on Oxmoor.
- 5.2 At the present time there are limited opportunities for further asset transfers to the community but any applications that are received will be brought forward for consideration.

6. ASSET MANAGEMENT DEVELOPMENTS

- 6.1 Achievements during 2007/08 have included:
- Opening of Eastfield House
 - Relocation of Godmanchester Depot and other Depots
 - Commencement of construction of new offices at Pathfinder House
 - Start on site for the new Enterprise Centre in St Neots
 - New reception, changing rooms and pool refurbishment at St Neots Leisure Centre
 - New tennis facilities, St Neots Leisure Centre
 - Refurbishment at Huntingdon Leisure Centre
 - Completion of new sports pavilion at Priory Park, St Neots
 - Refurbishment of public conveniences at Hartford Road, Huntingdon and St Ives bus station

6.2 Progress on updating the Council's land ownership records is continuing. Registration of all land and property with the Land Registry is now virtually complete. A new computerised database has been acquired and this is being developed to incorporate all information relating to property ownership and asset management.

7. CONCLUSION

7.1 Progress over the last year clearly demonstrates the Council's commitment to provide and maintain buildings in a fit and proper manner for the effective delivery of services.

7.2 It is important that repair and maintenance budgets are kept at the appropriate level to ensure that assets are maintained to a high standard and to avoid a backlog of repairs building up, which would require major expenditure in future years. In this respect it is important to increase the percentage of planned maintenance.

7.3 The community ownership of assets should be considered as part of the strategic approach to asset management and any developments will be included in the next annual report.

8. RECOMMENDATION

It is recommended that the report be received and the information in Appendix A be approved.

BACKGROUND INFORMATION

Legal and Estates Asset Management files. Report to Cabinet 21st December 2006

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	2006/07	2007/08
1D. (i) Total spend on maintenance:	£305,000	£415,000
(ii) Total spend on maintenance per sq metre:	£7.25	£9.73
(iii) Percentage of total maintenance: planned	42%	38%
responsive	58%	62%

Comments on PMI 1 - Condition and Required Maintenance

1. The purpose of this indicator is to measure the condition of assets, changes in condition and the spend on maintenance. It applies to all property where the Council has a repairing obligation.
2. In PMI 1A there has been a marked improvement in operational properties since 2006 with an increase in category A (good) property to 15% while B is at 81%. These compare favourably with IPF averages of 13.9% (A) and 63% (B). The changes reflect the refurbishment of public conveniences and also the move to Eastfield House.
3. The total cost of required maintenance PMI 1B (i) has declined from £5.49 million in 2006 to £3.98 million in 2008. The overall cost per sq.m has reduced from £114.00 in 2007 to £94.00 in 2008 compared to an IPF average of £111.00.
4. With regard to PMI 1B (ii) the percentage for urgent repairs is well below the IPF average (2% compared to 12%) but is higher for essential work (54% compared to IPF average of 41%). Most of the costs relate to leisure buildings.
5. Information in PMI 1D relates to the total expenditure on maintenance and the split between planned and responsive repairs. The planned percentage is below the IPF average of 56%. Under best practice the aim is to move towards a higher percentage spend on planned repairs. It is proposed to consider a repair and maintenance strategy to try to improve on this.

PMI 2 ENVIRONMENTAL PROPERTY ISSUES

		2007	2008
2A	Energy costs per square metre	£19.46	£18.38
	Energy consumption kwh per square metre	395	353
2B	Water costs per square metre	£2.80	£3.20
	Water consumption by volume m3 per square m	*	*
2C	CO2 emissions in tonnes per square metre	0.12	0.097

* information has been collected on individual properties

Comments on PMI 2 A, B and C – Environmental Property Issues

- 1 These figures apply to all operational buildings which includes 7 leisure buildings with 5 swimming pools. Not surprisingly, therefore, energy costs are above the IPF average of £9.60 and water costs are above the IPF average of £1.52 per square metre. CO₂ emissions have declined but are still above the IPF average of 0.058.
- 2 The purpose of these indicators is to encourage the efficient use of assets and to measure year on year improvements in energy efficiency. With the refurbishment of buildings generally and the move to new offices it is expected that energy usage will fall.

PMI 3 SUITABILITY SURVEYS –OPERATIONAL PROPERTY

		2007	2008
3A	% of the portfolio by GIA :	100	100
3B	Number of properties :	37	39

Comments on PMI 3 A and B – Suitability Surveys

- 1 These surveys are required for all operational properties in order to determine whether buildings are fit for purpose. The assessments are based on systems adopted by other local authorities and include the following criteria – location, accessibility, environment, health and safety, fixtures and fittings and image. The outcome of the annual review is summarised below:

Score out of 30	2006	2007	2008
1-6 Unsuitable	0	0	0
7-12 Poor	2	3	2
13-20 Satisfactory	29	24	20
21-30 Good	6	10	17
Total	37	37	39

- 2 Assessments have been carried out for all Council operational properties and compare favourably with the IPF average of 60% of buildings. The two buildings rated poor are the public conveniences in South Street, St Neots and the Octagon storage depot in St Ives. Surveys will be carried out annually in order to reflect improvements undertaken during the year.

PMI 4 BUILDING ACCESSIBILITY SURVEYS –OPERATIONAL PROPERTY

		2007	2008
Access audit undertaken:			
4A	% of the portfolio by GIA :	0.27%	15%

4B	Number of properties	:	2	9
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Accessibility plan in place

4C	% of portfolio	:	0.27%	15%
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4D	Number of properties	:	2	9
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Comments on PMI 4 A, B, C and D – Building Accessibility Surveys

- 1 These are required for all operational properties and the surveys have to be carried out by a competent person. An access audit is defined as “an examination of a building, its facilities or services reported on against predetermined criteria to assess its ease of use by disabled people”. After the audit an accessibility plan is drawn up to identify the actions necessary.
- 2 It will be noted that progress has been made over the last 2 years with the audits. However the percentage of properties covered is below the IPF average of 88%. The Facilities Manager will be undertaking further assessments during the current year.

PM1 5 SUFFICIENCY (CAPACITY AND UTILISATION) –OFFICES

		31/3/07	31/3/08
5A.1 (a)	Operational office property as a percentage of the total portfolio	28%	29%
(b)	Office space per head of population (per square metre)	0.045	0.048
5A.2	Office space as a % of office space (estimated)	80%	80%
5A.3 (a)	Number of offices shared with other public agencies	1	1
(b)	Percentage of office buildings shared	10%	11%
5B .1	Average floor space per office staff	Not assessed	
5B.2	Average floor space per workstation	Not assessed	
5B.3	Annual property cost per workstation	Not assessed	

Comments on PMI 5 A and B – Sufficiency (capacity and utilisation) Office Portfolio

- 1 The purpose of this new indicator is to measure the capacity and utilisation of the office portfolio. Information has been provided for PMI 5A but not yet for PMI 5B in view of the continuing changes in office accommodation. It is intended to refine these in due course so that more accurate information will be available once the new office project is completed.

PM1 6 SPEND ON PROPERTY

6A	Gross property costs of operational estate as a percentage of the gross revenue budget	3%	3.5%
6B	Gross property costs per square metre for operational property	£68	£83

Comments on PMI 6 A and B – Spend and Property

- 1 This new indicator aims to measure the overall property costs and changes in costs over time. Figures have been provided for the last two years and these will also be compared with other authorities in due course. As with PMI 5B, a more accurate assessment will be possible when the office moves have been completed.

PM1 7 TIME AND COST PREDICTABILITY

7A	Time predictability, design	100%	72%
7B	Time predictability, post contract	75%	86%
7C	Cost predictability, design	100%	100%
7D	Cost predictability, post contract	100%	100%

Comments on PMI 7 A, B, C and D – Time and Cost Predictability

1. There were 4 applicable schemes in 2007 and 7 schemes in 2008.
2. This indicator has been reinstated and relates to all projects over £50k. The Council's performance compares favourably with the IPF averages of 60% (7A), 50% (7B), 58% (7C) and 60% (7D). This confirms that building contracts are generally managed within acceptable time and cost limits. Although there has been some slippage in time with a few schemes, this has not adversely affected the costs.

**COMMUNITY MANAGEMENT AND
OWNERSHIP OF PUBLIC ASSETS –QUIRK REPORT**

1 BACKGROUND

The Local Government white paper 'Strong and Prosperous Communities' set out a new relationship between Local Government and its communities based on trust and devolving power. The Quirk Report, published in May 2007, is part of this initiative to give communities a greater say over services etc. It considered options for the transfer of asset ownership and management to community groups.

2 CONTENT

2.1 The report reviewed existing powers including disposals of property at less than market price, the use of Compulsory Purchase Orders, Treasury Guidance on claw back, and PROD (Public Request to Order Disposal). The latter is the power for citizens to press for disposal of unused or underused Local Authority assets. It also examined the barriers to community transfer and the risks involved. The latter could include transferring an asset in serious disrepair and imposing an unreasonable liability on community groups, the lack of funding to bring buildings up to a satisfactory condition and the general complexity of managing assets.

2.2 The conclusions of the report are as follows:

- * asset transfers should take place where they can realise social and community benefits without risking wider public interest concerns
- * the benefits of community management and ownership of assets can outweigh the risks and often the opportunity cost in appropriate circumstances. If there is a rational and prior consideration of these, there are no substantive impediments to the transfer of public assets to communities
- * there are risks but they can be minimised and managed. There are examples in the report and a table of risks with ways to manage them

2.3 Rather than legislation or new powers, guidance and support is required. The recommendations within the report are as follows:

- 1 Publication of up to date guidance on asset management, including specific reference to the transfer of assets to community management and ownership
- 2 Publication of a tool kit on risk management in asset transfers to communities
- 3 Provision of much greater access to expert advice and organisational development support for Local Authorities and

community organisations, particularly to the transfer and management by communities of land and buildings

- 4 Smarter investment of public funds designated for community lead asset based developments, where permissible, through the involvement of specialist financial intermediaries with expertise in the field and the ability to achieve high leverage ratios
- 5 A major campaign to spread the word through the media etc.

2.4 The Government has set up a community assets fund with about £30m to support partnerships between Local Authorities and third sector organisations such as community groups. The fund will offer capital to refurbish assets.

3 IMPLICATIONS FOR HDC

3.1 The Government has already confirmed its support to the Quirk Report and it is expected that community groups will become more proactive.

3.2 Initially it is considered that the assets most likely to attract interest from the community are those which are surplus to requirements particularly if unused. The Council has only one such building which is earmarked for development in conjunction with adjoining land when it becomes vacant. Charities and community groups have from time to time occupied vacant industrial premises on a short term basis for specific fund raising schemes.

3.3 In theory community groups could express an interest in a wide range of Local Authority assets such as parks, Leisure Centres etc. Disposal could be by way of a lease which is often preferred by both parties.

3.4 The Council already supports many community groups, sporting clubs and voluntary organisations by leasing land (eg scouts, bowls clubs, football clubs, Mencap etc) and at least one building, the Maple Centre on Oxmoor, at nominal or low rents. Furthermore several areas of open space/amenity land and play areas are leased to parish councils and there is a proposal to transfer the open space in Kimbolton to the parish council.

3.5 If assets are managed well and the community is involved where appropriate then the impact could be small at least in the short term.