

ASSET MANAGEMENT PLAN
(Report by Estates & Property Manager)

1. PURPOSE

To report on last year's Asset Management Plan (AMP) and seek approval to the submission for 2003.

2. BACKGROUND

2.1 The AMP was submitted to Go East in July 2002 along with the Context Sheet and Capital Strategy. A good assessment was achieved for both the AMP and Capital Strategy and therefore the requirement to submit these documents to Government Office for assessment has been relaxed.

2.2 A good assessment for the AMP compares favourably both nationally and regionally.

	All Authorities	Districts in the East
Good	35%	23%
Satisfactory	46%	55%
Poor	19%	22%

2.3. Feedback on the 2002 AMP acknowledged that the primary criteria relating to corporate asset management arrangements, data management, performance management and programming and planned development/implementation had been well covered. Most of the secondary criteria had also been satisfied although a number of points were highlighted for further consideration. These included dealing with the property implications in Best Value and other reviews, improvements to data management, evidence that monitoring takes into account consultation and customer satisfaction surveys, the development of local performance indicators for surplus property and space utilisation and investigating any gaps between current and future property requirements.

2.4 Through membership of the Institute of Public Finance Asset Management Network, the Cambridgeshire Property Forum and East of England Local Authorities Benchmarking Club, it is now possible to compare the District Council's property performance indicators and also to benefit from best practice and exchange of ideas.

3. REQUIREMENTS FOR 2003

3.1. Although a full AMP is not required, it is still necessary to submit the following to Government Office:

- ❖ Local Authorities Core Data (the old Context Sheet)
- ❖ Information on the five national property performance indicators

- 3.2 Core data. The information provided in the Context Sheet last year has now been updated and is attached as Appendix 1.
- 3.3 National Property Performance Indicators. There have been a number of changes to the indicators used last year.

PPI 1 Backlog of Maintenance. Backlog is now defined as "the cost to bring the building from its present state up to the state reasonably required by the Authority to deliver the service or to meet statutory or contract obligations".

The number of priority levels has been reduced from 4 to 3.

1. Urgent Works
2. Essential Works – within two years
3. Desirable Works – 3 – 5 years

PPI 2 Internal Rate of Return. It is no longer necessary to include ground leases where rent reviews are at intervals over 25 years subject to the Corporate Property Officer having in place a programme for reviewing and reporting to Members the performance of these properties and the justification for retaining. As there are only two properties which fall within this category, these have been included in the overall calculations.

PPI 3 Property Management Costs. The definition of this indicator has been clarified to stress that it relates only to strategic management of property including the preparation of AMP and Capital Strategy. It is no longer necessary to split the figure between operational and non-operational property.

PPI 4 Property Running Costs. There are no changes to this indicator which relate to operational property only (i.e. offices, leisure centres, toilets)

PPI 5 Capital Programme. This now includes schemes over £25,000 for Districts (in 2002 the minimum figure was £50,000).

The information for these indicators is set out in Appendix 2. These are based on cost figures received to date. There may be some adjustments as costs were updated but these are not expected to be significant.

4. COMMENTARY

- 4.1 For comparison purposes the National PPI Information 2002 is attached as Appendix 3. Comments on the variations are set out below:-
- 4.2 PPI 1. There has been a substantial increase in the total cost included for the backlog of maintenance for several reasons. New comprehensive surveys have been carried out for all leisure centres and Cabinet has now approved a programme for the implementation of the works over a 5 year period.

The figures also include the programme for the refurbishment of public conveniences, which has been approved by Cabinet.

Most of the other expenditure relates to continued refurbishment at Pathfinder House where the majority of the expenditure is earmarked for years 3-5.

Strictly speaking, the definition of "backlog" does not require all the refurbishment items to be included in the indicator. However, in order to present a complete picture, the total figure contains all planned improvements to the leisure centres and public conveniences over the next five years.

PPI 1 is not a particularly useful indicator for external comparison purposes as maintenance costs will vary according to the nature of the portfolio. However, planned maintenance is an area where many authorities are deficient and it will focus attention on the need to properly plan the maintenance of property and to reduce reactive repairs as a consequence. Its particular value will be in measuring performance against the planned maintenance/refurbishment programme and the year on year improvements in condition and reduction in reactive maintenance.

4.3 PPI 2. The figures for the internal rate of return for industrial and retail premises are similar to the previous year. These generally compare favourably with information obtained through benchmarking organisations.

4.4 PPI 3 Annual Maintenance Costs. Costs in 2002 were generally within the higher quartile for operational properties and the mid-point area for non-operational properties. However, in the regional context the former were below the average costs assessed under the benchmarking group.

Costs for 2003 show a reduction of about 20% from the previous year.

In order to improve the accuracy of the figures, a new coding system will be used for 2003.

4.5 PPI 4a. Costs in 2002 were generally in the middle range area compared to other authorities. The costs for 2003 have increased due to the additional expenditure at leisure centres.

PPI 4b. Energy and utility costs for 2002 were in the higher quartile compared to other authorities. In Cambridgeshire only, these costs were the highest. For 2003 the costs have fallen by about 10%.

PPI 4c. Water costs for 2002 were in the middle range compared to other authorities. In the Cambridgeshire area only, these costs were the lowest. Costs for 2003 remain at the same level.

PPI 4d. CO² emissions for 2002 were at the top end of the middle range for authorities. The emissions for 2003 show a reduction of about 15%.

- 4.6 PPI 5a & b. In 2002 there was only one project which met the criteria and this was satisfied on both cost predictability and time predictability. This compared favourably with other authorities. In the year ending 31st March 2003, two projects met the criteria and both fulfilled the requirements of the indicators.

5. ACTION PLAN

- 5.1 The 2002 AMP contained an Action Plan for the forthcoming year. There has been good progress in all areas with particular reference to the following:-

- ❖ Consultation – specific areas relevant to Asset Management Planning are leisure centres and business tenants where consultations have provided useful information for incorporation into business reviews.
- ❖ Benchmarking - this has been established for both the national indicators and also regional and local indicators with other authorities.
- ❖ Data management – with the introduction of GIS the property terrier and asset management information will be incorporated into the new system during 2003. This will enable corporate access to relevant property data.

- 5.2 Local Performance Indicators have been developed for non-operational property such as the level of voids and rent arrears. This area is likely to be expanded following consultation with other authorities.

- 5.3 The Asset Management Sub Group (AMSG) will be reviewing all the Council's land holdings to identify any surplus land, which can then be brought forward for disposal. Where appropriate, outline planning permission will be obtained and the land sold in accordance with financial standing orders. A local performance indicator for surplus property will be developed.

6 CONCLUSION

- 6.1 Asset management planning is an evolving process and it is essential that every effort is made to ensure that property assets are maintained in an appropriate condition for the effective delivery of services.

- 6.2 The AMSG will continue to monitor the National Performance Indicators and investigate those areas where costs are in the higher quartile. In addition, other property performance indicators will be developed such as space utilisation with a view to achieving continuing improvement both in property performance and the provision of services in general.

7. RECOMMENDATION


- 7.1 It is recommended:-

- (a) that the contents of this Report be noted; and

- (b) Appendices 1 and 2 be approved for submission to Government Office.

BACKGROUND INFORMATION:

Legal & Estates – Asset Management Plan files

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