

***CORPORATE ASSET  
MANAGEMENT PLAN***

***JULY 2005***

## INDEX

	<u>Page No.</u>
Introduction	1
Section 1. Organisational Arrangements for Corporate Asset Management	2
Section 2. Consultation	6
Section 3. Data Management	8
Section 4. Property Condition Management	10
Section 5. Performance, Monitoring And Measurement	13
Section 6. Programme And Planning, Development & Implementation	17
Section 7. Use of Resources	21
Section 8. RICS Recommended Guidance	24
Section 9. Land And Property Disposal Policy	25

## INTRODUCTION

The fourth Asset Management Plan (2004 submission) was rated as 'Good' by the Government Office for the East Midlands (GOEM), and achieved a notably high 23 out of 26 assessment criteria. Now that this level of competency has been achieved there is no requirement to submit further Asset Management Plans (AMP's) to GOEM. However, it is considered it is good practice to carry out regularly reviews and for 2005 this AMP has been prepared and updated to include:-

- The new Comprehensive Performance Assessment (CPA) framework criteria which contains Key Lines of Enquiry (KLOE'S) which relate to asset management, and
- The new Asset Management guidelines jointly developed by the Royal Institute of Surveyors (RICS) and the ODPM

This AMP is a document, which guides the implementation process of key Council estate priority schemes and projects, details working practices – corporate and operational, and provides all stakeholders with information on the management of the Council's estate portfolio.

Details of the Property Estate Portfolio (PEP) (in table form showing a variety of key property management functions and condition assessments) and other key information are available on request from Asset Services

### **Linkages to the Council's Capital Strategy and Asset Management Plan**

The Borough Council recognises the corporate and strategic importance of good management of its land and property estate portfolio, this is achieved through the Charnwood Strategic Partnership the " Charnwood Community Strategy", the Council's Corporate Plan 'Leading in Leicestershire' and the Council's Financial Strategy Group (FSG) which will ensure that key aims and objectives involving the property portfolio are delivered and met as effectively and efficiently as possible through the use of this AMP.

The Vision and Objectives of the Community Strategy have been developed by the Charnwood Strategic Partnership Board and Forum, but they have a strong alignment with the Vision and Objectives of Charnwood Borough Council as expressed through its Corporate Plan. In turn those objectives are already well reflected in the Council's Capital Strategy and are acknowledged by the Asset Management Team when making its recommendations to the Council on proposals for the acquisition of new assets, further investment in existing assets or their disposal. The Council's current Corporate Plan 'Leading in Leicestershire' was adopted following extensive consultation, is effective up to 2011/2012, and is guiding planning and performance across the authority.

**I.A Corporate Property Officer and Property Services Teams**

The Head of Property Services, David J. Murfin FRICS, is the Borough Council's designated Service Head directly responsible for undertaking the role of the Corporate Property Officer (CPO) and developing the Asset Management (AM) process. The CPO has been undertaking this role and responsibility since the inception of the Single Capital Pot process. The CPO has two key Service Management Teams within his control, Asset Services (Asset Management, Car Parks, Public Conveniences, Municipal Offices & Business Units) and Building Contract & Design (includes procurement).

The Borough Council's Cabinet has recognised the strategic role of AM and the CPO through the restructuring of the Property Services Unit in April 2003, establishing a dedicated Asset Services Team (AST) for AM. The new AST has been fully operational since mid 2003 and consists of a new Principal Manager, and 3 dedicated officers; an Asset Manager, an Asset Officer (for data input and management of IPF software), and an Asset Surveyor.

**I.B Role and Responsibilities of the CPO**

The direct role and responsibilities of the CPO are closely linked with those of the three cross cutting corporate groups of AMT, FSG and Housing Strategy Group. The principal role of the CPO is to: -

- a) Produce, manage, Implement and develop the corporate AMP to ensure sustainable and well-managed Estate Assets (EA).
- b) Directly report and be accountable to Deputy Chief Executive, Cabinet and Scrutiny on behalf of the AMT.
- c) Attend FSG and assist in the preparation of the Capital Strategy.
- d) Attend the Capital Programme Team meetings to review, monitor progress of Capital schemes and consider strategic and operational changes to investments.
- e) Deliver the key objectives of the Capital Strategy by implementing prioritised capital schemes and projects related to the Estate Portfolio (EP) & HS.
- f) Represent the AMT in specific corporate working groups, and the Senior Management Team (SMT), where the EP & HS is, or may be, involved.
- g) Review and fully appraise any proposals to acquire, dispose of, alter or re-use any asset of the EP.
- h) Lead reviews of the use, condition, replacement and retention of assets.
- i) Develop the IPF property software.
- j) Consult regularly with all Directors and Senior Managers to ensure that Annual Service Delivery Plans (SDP), and Best Value Action Plans, identify asset needs, sufficiency and suitability so priorities for action can be agreed.
- k) Receive and comment on all draft Cabinet reports, which involve the use of the EP, prior to submission as final reports to Cabinet.

Asset needs Proforma's are issued annually as part of the AMP and SDP process. Information collected will be utilised in the management of the EP.

**I.C Accountability of the CPO**

❖ The CPO is accountable to Cabinet, the Deputy Chief Executive, the Chief Executives Senior Management Team and three corporate strategic and decision-making groups:

- ❖ Financial Strategy Group
- ❖ Asset Management Team
- ❖ Housing Strategy Group

The FSG has HSG have Lead Cabinet member participation. The CPO reports direct to Cabinet in line with his responsibilities.

#### **I.D The Asset Management Team (AMT)**

The AMT meets every six weeks, and is chaired by the CPO. The cycle of meetings is planned one week ahead of the FSG's meetings in order for the CPO to act as direct liaison between the two strategic groups. Special meetings are convened where urgent matters need consideration or decision. Briefing notes to Cabinet members are used to keep them informed and seek their views.

The role, responsibilities and attendees of the AMT are set out and confirmed in corporately agreed Terms of Reference copy available on request from Asset Services.

The AMT engages corporately on all AM matters. Formal minutes of each meeting are taken and reported to the FSG, distributed to the Chief Executive's Senior Management Team (SMT) and all members of the AMT. At present Cabinet members are not part of the AMT but lead Cabinet Members are informed and involved ahead of Cabinet reports through the FSG where all AMT minutes are presented for consideration and discussion.

The following key AM objectives continue to be a priority for the AMT: -

- i) Continuing strategic land and property disposal of under used and surplus assets to support the capital programme for a three-year cycle.
- ii) Consideration of strategic Land and Property acquisitions to support Key Council Objectives.
- iii) Ensure that Borough Council's complies with the requirements of the Disability Discrimination Act (DDA).
- iv) Through the Directorate for Change Management, promote economic and business opportunities through out the Borough.
- v) Clear and specific authority wide objectives for holding property: -
  - To meet service delivery needs
  - To provide administrative/office accommodation
  - To provide a financial return
  - To meet the needs of the local community
  - To maintain or improve the local environment
  - To facilitate regeneration within the borough
  - To help promote economic activity and employment
  - To safeguard the heritage of the Borough

A recent example where Service Units and the AMT have worked corporately together is the Loughborough Leisure Centre Wet Side project (£2.8 million) which involved effective and efficient cross Service Unit working resulting in a high quality scheme that meets the suitability and sufficiency needs of the Leisure Centre Service whilst encompassing an element of Backlog repairs.

#### **I.E Cabinet and Corporate Working**

The Borough Council continues to use a Cabinet and Leader structure (implemented in Dec.1999) and following a review in 2004, by Cabinet (an alliance of Labour and Liberal members) it was determined that Corporate Asset Management is to be the specific remit of the FSG, of which the Chair is a the Lead Cabinet Member for Asset Management . In addition the Leader of the Council, , meets with the CPO every six weeks to consider all levels of Asset Management. The CPO attends the HSG to inform and advise on investment in the housing stock portfolio.

The Corporate Plan entitled 'Leading in Leicestershire' effective up to 2011/12 has been formally adopted and approved by Cabinet) in November 2004. This overarching Corporate Plan dovetails all strategic Council Services.

The new RICS / ODPM guidance assists and supports the existing SCP process, ensuring continual development of Asset Management. These new guidelines seek to foster a greater emphasis on services delivery and links between effective property management and improved service delivery

The AMT and FSG are wholly corporate and strategic, and both groups interface on the prioritisation of capital investment projects (determined by the FSG) relating to EA's (managed by the AMT) and there is corporate cross working to achieve this. All strategic and operational matters involving EA that require decisions are in the first instance referred to the AMT for consideration in accordance with the Terms of Reference for Asset Management prior to presentation at the FSG. The Chief Executive Senior Management Team (SMT) is appraised on all strategic matters that need political steer and decisions.

The SMT comprising the Chief Executive, Deputy Chief Executive, Director of Change Management, Director of Risk Management, Director of Partnerships and Customers Services, Director of Physical Regeneration, Director of Development, Director of Leisure and Environment and Director of Housing and Health are the principal management group that provides members with overall guidance of Council business. The SMT also provides overarching strategic & performance management and budgetary control to front-line and support Service Units, each managed by a Service Head.

'Leading in Leicestershire' reaffirms the Council's high priority property focus to provide satisfactory community facilities (public conveniences, car parks, sports and leisure, thriving town centres and vibrant villages) and improved community safety (through the Crime and Reduction Partnership). This focus will ensure that adequate estates, buildings and facilities are provided as well as helping to reduce crime.

The key corporate objectives specifically for EA's are: -

- ❑ Ensure, through identification of current and future needs, that EA's are provided and used to maximise the contribution made on the delivery of services to the community and the achievement of the Council's service objectives.
- ❑ Ensure that financial return, investment and surplus properties are reasonably maximised to meet the Council's corporate requirements.
- ❑ Ensure efficient, effective, economic and sustainable use of new and existing assets in delivering services.

'Leading in Leicestershire' and the "Charnwood Community Strategy" play an important part in identifying investment priorities. This Strategy interfaces with the Council's new Medium Term Financial Strategy (MTFS), which was adopted in October 2003. Part of the MTFS includes setting and prioritising the Council's Corporate Capital Programme for the next three years. In addition the Best Value Performance Plan and this AMP are effective management tools that will ensure efficient use of the Property Portfolio.

This document does not include details on the Housing stock, except where required as part of the National pPI's. The CPO and his officers are involved in the process for identifying and agreeing a future long term AMP for the Housing stock to address Decent Homes.

Other key crosscutting Council strategies, such as the Cultural Strategy (partnership with Leicestershire County Council), Housing Strategy, Sustainability Strategy, IT Strategy for 'e' Government, Annual Service Plans and the results of Best Value reviews will ensure that there is an interfaced corporate approach to improving and developing Asset Management.

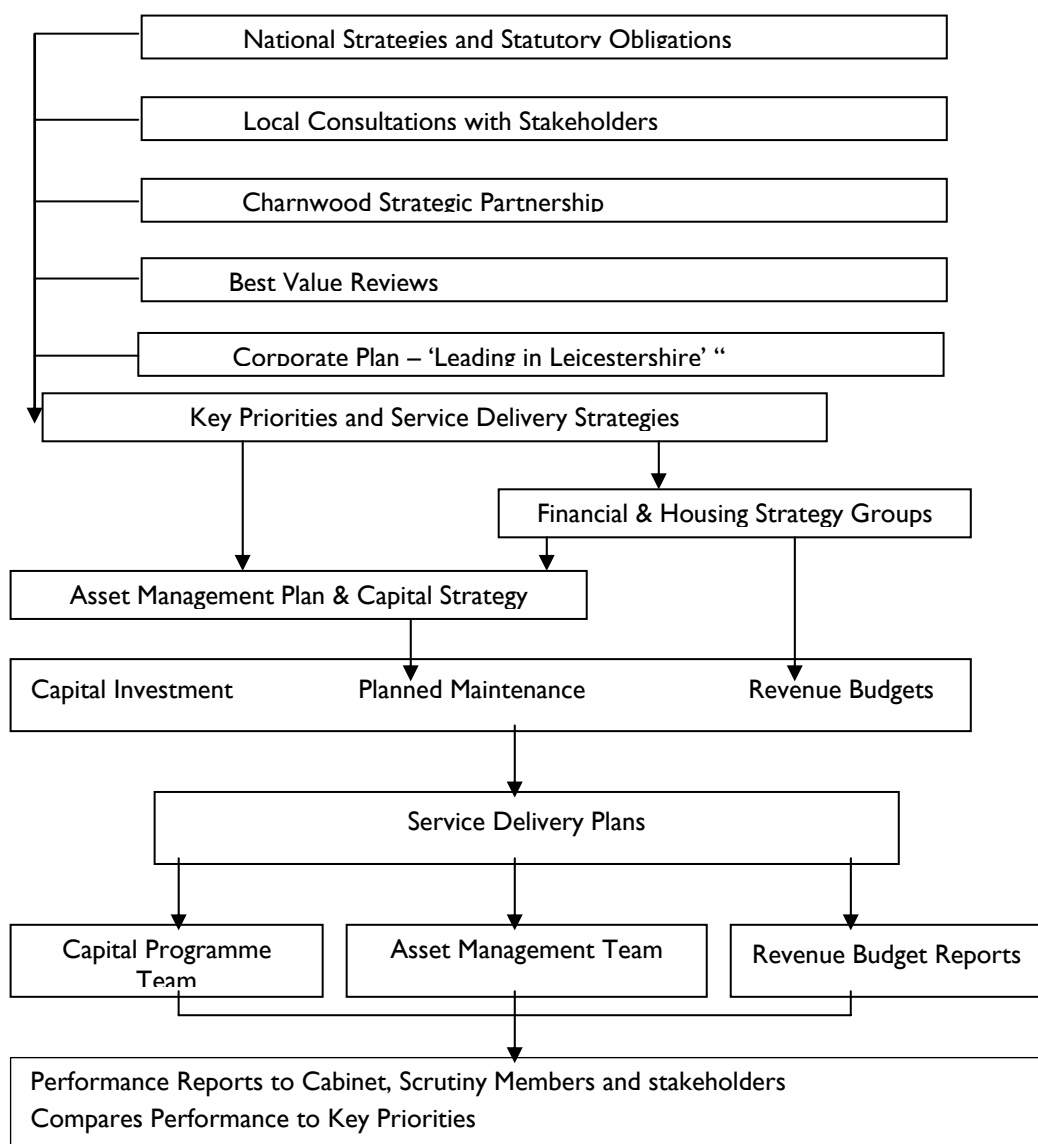
## I.F Specialist Advice

The Borough Council recognises that certain aspects of improving services and their delivery to customers may need specialist external professional focus and advice, particularly where there is a lack of particular expertise in-house or where independent strategic advice may be required. In these cases the use of appropriate external consultants and advisors (including GOEM) is utilised across all services to ensure not only that best practice is implemented but also full option appraisal is considered and utilised.

The AMT regularly uses the services of the District Valuation Office (service provision being reviewed for Best Value efficiency) and external Agents in matters of estate asset disposals and valuation of estate assets.

## I.G Cross Service Frame Work

Flowchart - depicting the corporate critical path.



## **2.A Corporate / External Consultation**

The Borough Council is committed to consultation with the public in the development of its strategies and projects across all service areas, and recently approved a corporate consultation strategy. This strategy includes a corporate approach to Communication and Consultation covering all Council Services. A dedicated 'Communications and Consultations' team has been established to support the Council's commitment to open, honest effective, communication with our local and national media, our staff, stakeholders and partner organisations and crucially the communities we serve.

An example of how the Cabinet is committed to corporate consultation is seen with the approach taken to modernise, revise and update the Council's Corporate Plan "Leading in Leicestershire". The Corporate Plan is the principal document for describing the Council's key aims and objectives and all Service Delivery Plans are critically linked to this. The AMP is a key strategic document that supports the Corporate Plan. External consultation is regularly carried out particularly for key strategies, plans and individual schemes/projects. In terms of AM external consultation is generally through dedicated public consultation on key projects and development schemes, with an operational focus being on customer/user satisfaction surveys, undertaken by relevant services. The aim is to engage the EA users, the public and organisations in the decision making progress.

A recent example of effective external consultation has been by the Director of Regeneration Projects who recently completed a valuable public consultation exercise on development proposals for remodelling and improving the Eastern Gateway regeneration area, of Loughborough Town Centre. This is a joint partnership project with Network Rail and includes disposal of the Council's landholding. Consultees included local residents and stakeholders. Although running along side the Council's normal Planning Process this consultation brought a concentrated focus to the redevelopment of this important Town Centre regeneration area and enabled local residents and stakeholders to be more deeply involved in the process. On completion of the consultation and following Cabinet consideration a preferred developer was selected to take the project forward.

The Borough Council continues to pursue the expansion of its joint partner approach to consultation, a strategic approach that has led to a joint arrangement entitled "Principles Of Consultation" with Leicestershire County Council and the other District Council's in Leicestershire. As part of this ongoing arrangement the Council has further enhanced it's partnership with the Police for Community Safety.

## **2.B Internal Consultation**

In terms of this AMP the consultation process generally concerns directly employed staff, elected Members (in respect of Civic and Councillors' accommodation and facilities), Contractors (occupying or using Council-owned assets) and tenants (occupying or using Council-owned assets). The CPO undertakes and is responsible for consultation with internal stakeholders, to assess need, condition, sufficiency and suitability of assets. However, it is the CPO, AMT and Property Services that drive the process of consultation to ensure that asset use is optimised. Reports to Cabinet, the appropriate Scrutiny Committee and SMT are co-ordinated by the CPO & AMT. The SMT has a particular role to consider all matters requiring strategic consideration or decisions ahead of Cabinet.

Where there are important EA issues that have a wide-ranging impact across a number of Services and Strategic Aims involving several Strategies/Plans, then it is likely that specialist working groups of officers and members will be convened to ensure that all service interests are represented and all corporate strategies and policies considered e.g. there are now currently a number of separate development opportunity proposals being considered for the regeneration of parts of Loughborough Town Centre involving Council land and separate officer/member and officer/member/partner

working groups have been established to deal with the proposals. This level of engagement will help to ensure there is a culture of corporate working across the Borough Council in addressing the AMP process.

There is an annual consultation with Service Heads by the CPO and the FSG to identify priority capital estate schemes and planned maintenance programmes. The results of these consultations will likely lead to some amendment of investment (through the three year capital programme and service budgets) and divestment of property. The aspirations of consultees will need to be balanced against affordable priorities and the necessity to assess the likely efficiency and utilisation of the asset. The FSG will determine capital investment priorities following advice and recommendation from the AMT.

### 3.A Core Data

A list of the Borough Council's property estate portfolio is **available on request from Asset Services**.

### 3.B Current Organisation and Progress

The AST will, through the direction/management of the CPO and the Principal Building Surveyor record, collate, update, manage and produce management data for the property estate portfolio in conjunction with Directors, Heads of Service and other key asset officers (e.g. legal, finance, GIS).

### 3.C Data Recording and Information Management

#### 3.CI Institute of Public Finance Management Software

The dedicated Institute of Public Finance (IPF) property management system that includes Asset Register, DDA, Benchmarking, Psion (for stock condition surveys) and Stock Condition modules, has been operational since October 2003. All members of the AST, and the Principal Building Surveyor have received system training. In addition a 'mapping link' has been created to directly interface with the IPF system with the Council's GIS system, this hot link allows instant access to site polygons, boundary and ownership details.

All recorded statistical information has been cross-referenced by officers (some from different Service Units). In addition hardcopy historical data has also been used to ensure that all recorded data is as accurate as possible. Key information and data amendment will be continually updated as the need arises.

The IPF software will enable the centralised approach to performance management of the estate property portfolio, as demanded by the pPI's. The system has all the property attributes required to ensure that good asset management practice can be implemented and effected. It will assist with:

- Annual budget setting processes.
- Building life costings and building attribute life costings.
- Annual energy and utility cost projections.
- Accurate expenditure forecasts.
- Greater efficiency and control.
- Better-targeted Service Plans.
- Benchmarking with other system users/authorities.
- Asbestos management.
- Legionella management
- DDA management

The IPF software database records the following intermediate data: -

- Unique Property and Land Reference Number (UPRN)
- Address
- Operational / Non-operational category and sub-category references
- Leased in EA Management Details
- Leased out EA Management Details
- Insurance Values
- Gross Internal Floor Areas (GIA)
- Rental values

- Property Condition
- Condition Survey details
- Mapping link – that interfaces the IPF system (by address UPRN) to the Council GIS system

The Land Terrier Module has now been accepted by the Legal Services Manager and data transfer will commence in early 2006.. Until this system ‘goes live’ the AST has collated hard copies of leases and repairing responsibilities, which are kept on file, recorded on the IPF notepad facility and on the ‘S’ drive (see 3.C2 below) for immediate use and success by the AST.

Appropriate staff training will be implemented to Legal Service staff, prior to and following ‘go-live’.

Many other Authorities have purchased the IPF Asset Management software and registered users can attend an IPF user group, or through the Internet, access the IPF web site that facilitates an electronic user group where information can be shared and bench marking measured.

### 3.C2 Internal Networking

In addition to IPF software the AST has established an ‘S’ drive that gives immediate and direct electronic access to property management information such as: -

#### 1. Management programmes for:

- Annual Property Inspections
- 5 year Condition Surveys
- DDA,
- Asbestos
- Legionella
- Service Contracts

#### 2. Leased in or out properties repairing obligations and responsibilities

### 3.C3 Integrated Housing Management System (IHMS)

All repairs and maintenance works orders, details and costs to all the Council’s public building are recorded on the IHMS, and the dedicated Housing IHMS Systems administrator can provide bespoke financial reports.

### 3.C4 Financial Management System

The Borough Council has replaced its Financial Management Software system with the windows based market leading financial management system for local authorities (AGRESSO). It is a requirement of all Officers of the Council to accurately record their working week through time recording management sheets, this time apportionment is recorded and used to identify staff cost apportionments against specific projects and Services.

### 3.C5 Additional Computer ‘Support Systems’

The following computer databases also record essential management information: -

- A land terrier database – all land/property holdings.
- A GIS “Gazetteer” database.
- A National Energy Home Rating (NEHR)-Housing stock
- Access databases for storage of Energy use details- currently being upgraded to a bespoke system.
- A Contract and Public Services (Direct Works Service) management system
- An asbestos register database

#### 4.A Property Condition Inspections

A two tier Property Inspection Process has been introduced.

*Level One, Annual Inspection* - Consists of an annual property inspection to identify immediate repairs and to monitor and ascertain the condition of the property. Any identified repairs, and the current condition of the property are forwarded to the relevant Head of Service in electronic format detailing the repair requirements, the priority and the property condition in accordance with the standard grading used is as per the ODPM Guidance :

- A, good, B, satisfactory, C, poor, D, bad, and
- 1, urgent, 2, essential, 3, desirable.

*Level Two, Condition Survey* - Consists of a detailed condition survey (once every 5 years) to identify the life expectancy of the property and its attributes. Survey details, life cycle costings and property management information are collated in to 'property specific' AMP's that are issued to relevant Heads of Service to assist in the formulation of management programmes and budget creation and forecasting. The surveys include assessment of: -

- Building condition
- Mechanical & electrical condition
- Disability access
- Suitability and sufficiency
- Floor plans and measurements
- Any breaches of legislation.
- Buildings, external works and hard landscaping

Inspection and survey data is collected using handheld computers, which will interface with the IPF asset management software computer system. Consultants carry out specialist surveys where necessary e.g. asbestos, electrical and mechanical works.

In the budget setting process for 2005/06 it is the intention to review the centralisation of all planned and revenue budgets for Public Buildings, at the same time ensure closer working relationships with Service Unit Managers to identify and manage the entire property estate portfolio in accordance with the AMP and their property needs.

In general terms these closer working arrangements, under-pinned by available property condition surveys, reference to historical data, consultation with operational managers, Suitability and Sufficiency studies, energy management and Service Delivery Plans have been implemented through the consultation process with Directors and Service Heads.

#### 4.B Disability Discrimination Act

DDA access audits have been completed in accordance with the formal programme. All identified access works and 'reasonable adjustments' required to comply with the DDA have been completed. Further planned works to achieve BS8300/part M of the building regulations are being implemented during 2005/06.

In April 2005 the Act was amended and in order to ensure continued compliance Asset Services will review the amendments with regard to Public Buildings and implement an action plan ensuring that new mandatory requirements of the Act are met.

#### **4.C Asbestos Management**

A new corporate Asbestos Policy has been adopted to incorporate the new Asbestos regulations.

All of the Borough Council's buildings have been individually surveyed for asbestos and any urgent remedial actions taken. Planned asbestos management works have been implemented and will be completed in accordance with the formal programme. A priority focus for the AST is to continue to identify any rectification works required to comply with the asbestos management regulations.

In addition to the formal programme, asbestos surveys are progressed through the Capital Programme, and a number of buildings have had full asbestos surveys as part of current and planned improvement schemes.

In accordance the asbestos regulations all works orders issued by the Council are subject to checking against the Asbestos Register data prior to issue in order to inform contractors of the presence of asbestos.

#### **4.D Legionella Management**

A corporate Legionella policy has been adopted and will ensure that all measures currently being taken are consistent and comprehensive. All relevant Council Properties have risk assessments, management inspections and recording keeping measures carried out in accordance with the agreed corporate policy.

#### **4.E Stock Condition, Suitability and Sufficiency**

In 2003/2004 Suitability and Sufficiency pro-forma's were introduced into the Service Plan Process, in order to formally consult all Heads of Service on their property needs, this process will continue annually. The Suitability and Sufficiency assessments will help to:

- Accommodate existing and projected operation/service needs
- Rationalising building stock by identifying needs for additional accommodation or by closing under-utilised buildings
- Implement targets for improvements in service delivery.
- Address functional problems with internal and external spaces.
- Provide facilities for people with disabilities.
- Remedy health and safety and security problems.

A recent example of services being addressed for sufficiency in the capital programme is : - The South Charnwood Leisure Centre, the wet side area and facilities are minimal and not in keeping with the locality needs; the result is that a refurbishment and improvement investment programme of around £1.5m will shortly be commissioned to meet local needs. A previous completed example of a project addressing sufficiency issues is: - the Loughborough Town Hall scheme, a similar improvement project has resulted in the commercial usage of the Council Chamber, the Victoria Room plus additional ground floor space being increased to provide additional revenue from letting. Regarding the provision of better property facilities in meeting key Council objectives the new Business Unit at The Oak in Sileby promotes employment and economic regeneration south of the Borough whilst the the new Soar Valley Leisure Centre at Mountsorrel I provides new leisure facilities Borough wide Improving Leisure facilities for all is a key Corporate Plan objective aimed to ensure that the council is "Leading in Leicestershire".

Further examples of sufficiency management are include a corporate Playing Field Strategy, and office space utilisation which is being addressed through a corporate Office Accommodation Strategy where a new space standard of 7 square metres per employee has been adopted. The creation of more open plan office space and a new staff facility aim to further maximise the use of office space and give staff access to important welfare facilities.

Addressing identified suitability needs is generally via the capital programme and through partnership initiatives i.e. Customer Services (via a new Customer Service Centre at the main Council Offices-Southfield's) Leisure and Cultural Services (a variety of projects-swimming pools mainly), Information and Communication Services (new ICS offices and Contact Centre), Contract and Public Services (urgent repair works to Depot), Office Accommodation (open plan offices and new staff facilities, including space standard, furniture standard and home working initiatives) .

Land holdings such as parks and play areas also need suitability assessments and the relevant Head of Service is responsible for advising on these needs.

A recent example of services addressed for suitability in the capital programme, is the Loughborough Leisure Centre, the wet side areas and facilities were dated and not in keeping with modern standards; a refurbishment investment programme of £2.8m was commissioned to address these deficiencies and these will be available to the public in January 2006.

Except for Limehurst Depot, which has programmed urgent repairs there are no properties deemed unsuitable for use and as such there are no serious deficiencies for any service.

Recently completed capital schemes to Council property assets have not only addressed backlog and poor condition but have yielded improved and new facilities. For example the Public Conveniences in Biggin Street, Loughborough and Market Yard, Loughborough have this year both been awarded the top "five star" rating in the national "Loo of the Year awards. Together, these toilet facilities provide the users of Loughborough Town Centre with some of the best public conveniences in the country. Similarly, the new Leisure Centre at Mountsorrel is proving to be extremely popular and our management partner has recently advised that this facility is currently the most successful of their managed leisure facilities. Other completed phases of remodelling to the Loughborough Town Hall and previous phases of Loughborough Leisure Centre have already proved a success with increased numbers of users and higher customer satisfaction.

### 5.A Reporting and Monitoring

In addition to the new National pPI's, continual annual reporting and monitoring on asset management performance is provided to Elected Members, this is achieved by reports and briefing notes from the AMT, Directors and Service Heads to Scrutiny Committees and Cabinet.

The CPO is responsible for reporting annually to Cabinet & Scrutiny Committees on the overall performance of the property estate portfolio, this includes detailed performance of the commercial property portfolio and corporate property, and the level of 'backlog' repairs.

However, all Directors are responsible for reporting their performance outcomes of their annual Service Delivery Plans (SDP's) to Scrutiny Committee and Cabinet. All individual Service Delivery Plans must now contain appropriate national and local performance indicators relative to service delivery and these are all fed into the Authority's BVPP. Where property indicators can be corporate the CPO will consult, co-ordinate and collate information into usable corporate indicator formats. The Borough Council has now produced its BVPP Plan for 2005/6, which contains all the comprehensive statutory Performance information relative to 2005/06. A new "Balanced Scorecard" has also been introduced corporately to measure the Council's performance against its key performance targets and there are a number of property indicators are part of the scorecard.

Continuous improvement through the asset management process is being achieved; a prime example is the Council's retention for the fourth year of the British Parking Association Safer Car Park Award for Beehive Lane multi-storey car park in Loughborough. This car park has retained this annual Award by continuing to implement the rigorous management standards demanded by the Award criteria.

Examples of property monitoring and reporting: -

- ❑ The Property Services Unit produces various annual reports that indicate property asset expenditure against income; e.g. car parks, business and units.
- ❑ The Town Hall/Museum service reports it's trading position on an annual basis
- ❑ There is an external management contract in place for the Loughborough Leisure Centre and Soar Valley Leisure Centre - SERCO is the Council's partner, annual and interim reports are produced.
- ❑ An annual trading report is produced for South Charnwood Leisure Centre.
- ❑ The CPO's annual Cabinet report on the performance of the property

### 5.B Performance Indicators

#### 5.B1 National Performance Indicators

The Cabinet has adopted the five ODPM National Ppi's and they will be used annually to provide a standard set of data against which authorities can measure their own year on year performance and benchmark with other authorities.

In order to comply with the pPI's it is critical and essential to have a comprehensive and detailed system of asset management data collection in place and this is achieved by interfacing data held in the IPF software, the FMS, the IHMS.

National Indicators are included in the Property Services, Service Plan for 0506 and reported to Cabinet annually. Asset Services review these indicators to improve performance where possible.

The outcomes of the five National Indicators for Asset Management Ppi's for 2004/2005 are reported and detailed below: -

**Performance Indicator 1a: Percentage of Gross Internal Floor area (GIA) (M<sup>2</sup>)**

Percentage of Gross Internal Floor Space In Condition Categories A-D (Operational)

Category	Percentage
A	71.04%
B	23.07%
C	5.89%
D	0.00%

Percentage of Gross Internal Floor Space In Condition Categories A-D (Non operational - general)

Category	Percentage
A	100.00%
B	0.00%
C	0.00%
D	0.00%

Percentage of Gross Internal Floor Space In Condition Categories A-D (Non operational -surplus)

Category	Percentage
A	0.00%
B	0.00%
C	100%
D	0.00%

**Performance Indicator 1b: Backlog of Maintenance by Cost as a Total Value (£) and as a percentage in Priority levels 1-3 (%)**

	Priority 1		Priority 2		Priority 3	
	Urgent		Essential		Desirable	
	£	%	£	%	£	%
Operational	250,000	100	0	0	0	.0
Non operational - General	0	0.0	0	0.0	0.0	0.0
Non operational - Surplus	0	0.0	0	0.0	0.0	0.0

**Performance Indicator 2a, b and c: Overall average internal rate of return (IRR) for each the Industrial, Retail and Agricultural Investment Property**

Indicator	Average IRR
2A – Industrial	No Assets in this category
2B – Retail	9.71%
2C – Agricultural Investment Property	No Assets in this category

**Performance Indicator 3: Total Annual Management Costs Per Sq.m (GIA) For the Property Portfolio (Includes Housing)**

£0.26
-------

**Performance Indicator 4a: Repair & Maintenance costs per Sq.m GIA**

Operational Buildings (excludes Housing & Schools) occupied by the LA	£4.40
---	-------

**Performance Indicator 4b: Energy Costs Per Sq.m GIA (Gas, Electricity, Oil and Solid Fuel)**

Operational Buildings (excludes Housing & Schools) occupied by the LA	£5.32
---	-------

**Performance Indicator 4c: Water Costs Per Sq.m GIA**

Operational Buildings (excludes Housing & Schools) occupied by the LA	£1.79
---	-------

**Performance Indicator 4d: CO<sup>2</sup> Omissions in tonnes of Carbon Dioxide Per Sq.m**

Operational Buildings (excludes Housing & Schools) occupied by the LA	0.05044
---	---------

**Performance Indicator 5a: Percentage of Capital Projects where the outturn falls within +/- 5% of the estimated outturn, expressed as a percentage of the total number of projects completed in the financial year**

Overall percentage falling within +/- 5 %	100%
---	------

**Performance Indicator 5b: Percentage of Capital Projects falling within + 5% of the estimated timescale, expressed as a percentage of the total number of projects completed in the financial year**

Overall percentage falling within + 5 %	100%
---	------

**5.B2 Local Performance Indicators (LPI)**

Following approval by the AMT the Borough Council joined a Local Authority benchmarking club called "L.A.M.B" which currently consists of 10 local Authorities. Membership of this benchmarking club facilitates dialogue between authorities on AMP matters and the adoption of 12 Local Performance indicators that are used to benchmark and assess the Borough Council's performance against other authorities. Unfortunately since joining L.A.M.B

However this benchmarking club has proved to be of limited value due to random collection of data, accordingly it is now the intention to join the new IPF benchmarking club for local performance indicators, which will provide a larger number of authorities to compare with.

**5.C Benchmarking**

**5.C1 National Performance Indicator Benchmarking**

The five National Indicators for AM Ppi's Benchmarking is achieved by comparison with other Local Authority members of the IPF web site, copy available on request from Asset Services.

## 5.C2 **Local Performance Indicator Benchmarking**

Benchmarking for local performance indicators will be through the new IPF benchmarking club.

## 5.D **Project Review Against Objectives**

Progress and financial monitoring of existing capital projects and budgets is reported at six weekly meetings of the FSG, this is attended by a range of service officers and Lead Members; the minutes are available on the Intranet to restricted to members of that group, which includes the Leader of the Council, the two Deputy Leaders and Chair of the FSG (Lead member responsible for Finance and Asset Management), the Chief Executive, key Directors of the SMT and Heads of Service that includes the CPO and Head of Finance. Revenue projects are managed and monitored by all relevant Service Unit Managers, these are planned and programmed to fit in with approved budgets, Council Plans and Strategies. A separate management group called the 'Capital Programme Team' carry out six weekly operational monitoring of the capital programme, approve capital project appraisals, review capital receipts and determine capital programme strategy changes in line with corporate objectives

Performance outcome reports at the end of contracts are also a key part of the new standard assessment form. As part of the FSG six weekly meetings, output and outcome targets (for current and future years) are reviewed on an ongoing basis.

Further improvements to project evaluation and review, as detailed in the Borough Council's Capital Strategy and in line with ODPM "good practice" guidelines for asset management have been introduced through the FSG capital appraisal forms.

The Cabinet wishes to ensure that there is the highest level of scrutiny and regulation regarding the prioritisation and performance of property management investments and disinvestments. To this end members wish to be actively involved in the prioritisation of all capital and revenue investments through the Financial Strategy Review group (revenue/capital focus) the FSG and the AMT.

Individual briefing notes and progress reports by Directors, Service Heads, and the CPO/AMT to Lead members, Cabinet, Scrutiny and local Councillors will also keep members regularly informed of operations and projects.

The project option appraisal process, (including the project Appraisal Form) and the capital prioritisation process are all described and included in the Capital Strategy. The detailed categorised, capital programme determines the output/outcome targets for individual capital projects relating to the estate portfolio. All category I projects become live projects and have agreed and set timetables, these are generally determined by the procurement process although there may be occasions where urgent works preclude the need for a set timetable. Regular monitoring and evaluation of all projects are overseen by the FSG; this is also described and included in the Capital Strategy.

## 6.A Capital Programme

Following annual consultation with Directorates and Service Heads the CPO/AMT continues to consider all future estate investment needs taking into account property condition, sufficiency and suitability. All projects and schemes are presented to the FSG for prioritisation and option appraisal (all capital schemes over £50,000 to have appraisal), with recommendations from the CPO/AMT for timetabling, taking into account the levels of urgency. The FSG and Cabinet first introduced this process in 2001/2002 when the majority of the Council's future property investments and needs were identified, agreed and prioritised by the FSG and endorsed by Cabinet. This critical appraisal essentially identified the "gaps between future requirements and the current provision and performance of the authority's present property assets". The outcome identified a high need for capital schemes to address Leisure and Cultural, Economic Regeneration, Communication Services and Property Services, property needs (condition, sufficiency and suitability) that will meet the Council's Strategic Aims. The resulting schemes were planned and prioritised in a three-year capital programme up to 2004/2005, some of these schemes are now complete, some have commenced and some are planned.

The 2002/2007 capital programme, first agreed in 2002, was revised into a three-year programme and 2005/06 is the first year of this programme. It is due for a comprehensive review at the end of 2006/07. However, an annual review will also be undertaken in October 2005 to consider prioritisation changes and new pressures that may arise. This major investment programme continues to address the identified investment "gaps" relating to the estate portfolio. However, there are other developing Council strategies such as the MTFs, Community Strategy, Green Space Strategy and Car Parking Policy (including the evolving Decriminalised Car Parking strategy that is being jointly developed with the LCC), as well as planning future Economic Regeneration, that may well identify changing needs in relation to the estate portfolio. The same prioritisation process, critically involving the FSG, will deal with these changes. Any "gaps" not identified due to uncompleted surveys or new service needs are considered minor, since all the Council's major buildings have and are generally being addressed in capital projects and Directors and Service Heads have mainly identified immediate future need.

The Capital programme is regularly monitored and reviewed by the Capital Programme Team, FSG and Cabinet (see 5D for details).

A standard Capital Appraisal Form (for schemes of £50,000 or more) is used to assess and appraise all capital projects. Individual project appraisals and work schemes are duly submitted to Cabinet and Scrutiny Committees for approval after initial assessment by the FSG.

For the Capital and Revenue annual budget setting process for 2006/2007 the AMT will produce an updated list of all recommended disposals, including all known backlog maintenance/improvements of existing assets and recommendations for new projects.

A new corporate project management process, "PRINCE 2" has been introduced to ensure that all future corporate projects are managed to a set standard and protocol. The principles of PRINCE 2 are to be followed and implemented for all future procured contracts and partnerships.

## 6.B Capital Receipts and Expenditure-"Use of Resources"

The corporate AMT and the FSG continues to monitor and review asset performance in relation to revenue and capital costs. A key objective of AS is to identify under-used and surplus assets for disposal to ensure that their freehold sale can underpin and continue to resource what is, a large capital programme. This disposal programme has also been prioritised to ensure that there is adequate phasing of funds. In July 2005 a final payment of £6.5m was received for the disposal of a key housing land sale at Maxwell Drive, Loughborough (total sale exceeded £12m) and this has greatly contributed to the production of a robust and comprehensive three year capital programme.

As part of its SDP for 2005/06 AS will compile a revised list of potential disposals, this will include a review of freehold reversions.

Capital receipts for 2004/2005 totalled £10,197,540 of which £3,056,101 came from the sale of Council Houses, £7,076,439 from property sales and £65,000 from miscellaneous sales.

The 2005/06 position for the capital programme, as of 21<sup>st</sup> July 2005 was that £4,083,000 has been included for expenditure on and in support of the estate portfolio for the financial year. This figure includes carry forwards from 2004/05 but excludes housing expenditure. This level of investment is supported through the use of capital receipts and other capital resources. Usable receipts for the 2005/06 capital programme amount to £8,777,000.

In view of the current asset disposal strategy it is unlikely, at this stage that the Borough Council will have to take on “unsupported borrowing” following the introduction of the present capital finance system. However, this position must be regarded as fluid since increased revenue implications of accelerated capital spending will require a reappraisal of investment priorities if financial resources are not maintained. Furthermore, the remaining surplus assets that can be considered for disposal are not likely to yield significant receipts in the near future due to site development restrictions, these are mainly planning restraints associated to flooding and spatial residential limits for green field sites being reached.

#### **6.C Capital Programme Out-turn 2004/2005-Land and Property**

In 2004/2005 a total of £4,988,042 was spent on property, (excluding housing) general fund capital projects, this amount included final carry forwards and final accounts for past contracts.

#### **6.D Procurement of Capital Projects**

Because of the variety in size, type and frequency of Capital projects it is not practicable for the Borough Council to set up a partnership arrangement with a single contractor to cover all capital works. Instead, for most major one-off projects, a system of two-stage tendering has been implemented which allows the Rethinking Construction principles of partnership and open book working to be put into practice on an individual project basis. An initial tender list, usually of six companies, is selected based on previous performance and preliminary interview. A first stage tender invitation is then sent out to these companies in which they are asked to price a schedule of works based on the cost plan and inset a figure for profit and overheads. On receipt of these tenders the two or three companies submitting the lowest prices are chosen for final interview from which a preferred contractor is chosen on a combination of price, expertise and empathy with the design team. The design is then finalised in conjunction with the contractor and the specific works packages procured to enable a final contract sum to be agreed. The first project completed using this process was The Oak Business Centre at Sileby; it was finished on time, within budget and to a high standard. The Minister Patricia Hewitt opened the premises on the 31<sup>st</sup> July 2003. This process has been applied to further large contracts such as the Town Hall Phase II refurbishment and the wet side refurbishment of Loughborough Leisure Centre. The Council's major new capital project, the Soar Valley Leisure Centre (£6,100,000) was procured using a design and build contract and was delivered following Rethinking Construction principles.

Partnership working will be utilised and introduced where practical and cost effective. Currently the expertise of the Leicestershire County Council's Highways and Electrical Lighting teams are being utilised to provide design and installation services for improvement works to the Council's car parks and erection of the Christmas/Diwalli decoration schemes.

Other major procurements mainly relate to the Housing stock (a stock option appraisal decision to go down the ALMO route has been taken at the Council-a bid is now being prepared). Currently for the on-going housing programmes, such as the MRA decent homes window and central heating replacement works have been, procured by means of an initial tender with options to extend year-on-year with an agreed percentage adjustment, subject to both parties wishing to continue.

However, as part of the process to deliver all the required decent homes works by 2010 a scoping study has been commissioned with E.C.Harris to determine the most appropriate partnership procurement route, contract works are planned to commence in 2006/07.

#### **6.E Maintenance Programmes**

All Directorates and Services Units responsible for operating assets within the estate portfolio are currently in control of their own relevant repair and maintenance and running cost budgets, (which are set annually). All of these budgets are structured to include all responsive and planned maintenance requirements and running costs. Major renewals and repairs are the subject of separate capital or revenue funded schemes that are identified following annual consultations (with Service Heads) and inspections / surveys, as described in Section 4. The Council intends to consider the rationalisation and centralisation of all budgets in 2005/2006 for the purpose of enabling more appropriate and effective planned maintenance programmes to be established and managed.

#### **6.F Maintenance Backlog**

Due to careful planned investment and good asset management the level of backlog repairs for all public property assets is minimal, with only £250,000 identified in 2004/05, following annual property inspections. This backlog is being managed in accordance with section 4 of the AMP; various work priorities are being carried out in the 2005/06 capital programme i.e. work to car parks and Limehurst Depot.

#### **6.G Planning**

Asset Management Planning aims are to ensure that the best use is made of the Council's EA's by: -

- Treating assets as a strategic resource and funding its maintenance from corporate repairs and renewal funds.
- Reviewing all existing operational property assets to establish whether they meet current and future requirements; preparing a programme for disposal and acquisitions.
- Compiling and maintaining data to provide effective property management.
- Challenging the effectiveness of non-operational land and property assets to generate income and/or support economic or social development.
- Carrying out condition surveys and preparing long-term programmes for the future maintenance of assets.
- Developing and implementing the prioritising of capital expenditure based upon the council's corporate objectives, and taking account of cross-cutting issues and ongoing revenue implications.
- Promoting best practice in the planning and management of projects by ensuring that they dealt with in such a way that ensures value for money, timely delivery and that the outcome matches that predicted at feasibility stage.

Strategically, the AM process is working well at Charnwood, and the newly formed AST are now focusing on critical maintenance, planning, budgets and implementation of asset related tasks.

The AMT has ensured that where there is no in-house expertise for services such as valuation and estate agency then these are procured externally. The AMT continues to use a selected standing list of estate agents to act for the Borough Council in its larger land and property disposals.

#### **6.H Shared Usage**

In recent years more use has been made of sharing property in order to optimise usage, some examples of are listed below; further opportunities will be investigated through the Best Value process.

- Shared use of the Town Hall for the Tourist Information Centre.

- ❑ Shared use with County Council of Charnwood's main office reception area for a Joint Service Shop.
- ❑ Shared use of the Lifeline emergency call centre (for elderly residents) for the Domestic Violence 'hot line' also as a call centre for local Housing Associations.
- ❑ Management of South Charnwood Swimming Pool (at Wreake Valley School) in Partnership with Leicestershire County Council, who are the freehold owners.
- ❑ Shared use with "The Bridge," independent housing advice service, located in the Main Council Office annexe-(this is under review) .
- ❑ Procurement arrangements for gas and electricity provision through the East Shires Purchasing Organisation (ESPO)

## **6.I Partnership Working**

The Best Value review process, the new Borough Council Procurement Strategy and the ongoing asset role undertaken by the CPO/AMT continue to lead to opportunities in securing further partnerships that enhance and support the optimum use of assets. The Borough Council is currently working in partnership on a number of key projects where estate property is involved. Examples are: -

- ❑ The Eastern Gateway project, a Loughborough town centre Gateway partnership project involving Network Rail and a preferred developer. The project is designed to complete the regeneration of the Station area of the town, which has long suffered from disinvestment.
- ❑ The Dishley Grange project, a project where 12 hectares of economic development land will be developed with a joint partner to deliver important business expansion, north of Loughborough town centre.
- ❑ The Loughborough Magistrates Court project, a project where a new Court will be built in Loughborough by 2007 and where a number of key partners (The Council, Leicestershire County Council, The Department of Constitutional Affairs and a developer) have joined together in partnership to ensure the delivery of this major building the town centre.

Recent completed partnership Project:

- ❑ A joint working arrangement with Leicestershire County Council to improve the Civic Amenity site at Railway Terrace Loughborough. This site housed the County Council's Civic Amenity tip and a Council owned operational depot. In 2004 the County Council was awarded £1,200,000 DEFRA money to improve Amenity Tips in Leicestershire. Their chosen site, by agreement with the Borough Council, was at Railway Terrace, Loughborough. The Cabinet approved the sale of the Depot site in July 2004 and the project has now been completed.

## **6.J Under Use and Disposals**

In accordance with Cabinet approval the AMT annually reviews and programmes the sale of property portfolio assets, in order to provide receipts to fund the ongoing Capital Programme. It is the aim of the AMT to review each year's disposals to meet the particular funding requirements of forthcoming capital programmes.

The Audit Commission has recently published guidance notes on how it would incorporate Local Authorities 'Use of Resources (financial)' into the new CPA framework. This guidance contains new Key Lines of Enquiry (KLOE's), which will be used to assess the Council's performance in four key areas. The focus on Asset Management "how the Council manages its asset base" falls within Financial Management Section 2.3 refers.

The scores for meeting all KLOE criteria are assessed at four levels i.e.

- Level One - Inadequate performance
- Level Two - Adequate performance
- Level Three – Performing Well
- Level Four – Performing Strongly

This criteria has a number of "must haves" (Heading Identified in bold type) these must be achieved to meet each level of performance. The objective for Property Services will be the same as for all other services i.e to achieve Level 4 for managing the asset base.

Detailed below is a position statement (*with the Council current position detailed in italics under each objective*) for each of the judgement criteria, for the asset base – section 2.3.

### **7.1 Level 2**

**a) The council has an up to date corporate capital strategy linked to its corporate objectives and medium-term financial strategy.**

*Criteria considered to be met - The Council continues to use its Corporate Capital Strategy, assessed by ODPM as good*

**b) The council has an up to date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use.**

*Criteria considered to be met – The Council continues to use its Corporate Asset Management Plan, assessed by ODPM as good (updated annually).*

**c) The council maintains an up to date asset register.**

*Criteria considered to be met – The Council has a dedicated Asset Management Services Team who continually update purpose designed software (IPF)*

**d) The council has a designated corporate property function.**

*Criteria considered to be met – The Council has a dedicated Asset Management Services group (part of Property Services responsible for operational functions) and a corporate Asset Management Team that deals with all strategic and decision-making matters.*

**e) The council's arrangements for reporting to members are sufficient to ensure that they fulfil their responsibility in relation to the council's land and buildings portfolio at both a strategic and service level.**

Criteria considered to be met – The Asset Management Team meets every 6 Weeks and reports to the Councils Financial Strategy Group who in turn report to the Council Cabinet. In addition a Cabinet member has been appointed as the lead member responsible for all financial and asset management matters.

**f) The council has an annual programme of planned maintenance based on a rolling programme of property surveys.**

Criteria considered to be met – Asset Management Services have implemented a 5-year rolling programme for condition surveys to the Asset Portfolio, this commenced in 2003.

**g) The council has assessed the level of backlog maintenance.**

Criteria considered to be met – Asset Management Services have implemented an annual inspection process to assess the level of backlog maintenance. This inspection information is used to formulate capital and revenue projects and repairs. In addition it provides key data for reporting to Cabinet.

**h) The council's capital programme gives priority to potential capital projects based on a formal, objective approval process.**

Criteria considered to be met – Each capital project contained within the Council's current 3-year capital plan was subject to a bidding and prioritisation process approved by Cabinet. In addition each scheme within the plan, over £50,000, is subject to independent appraisal by Financial Services prior to approval by the Councils corporate Financial Strategy Group, before submission to Cabinet.

## **7.2 Level 3**

**a) A member has been allocated portfolio responsibility for the council's fixed assets.**

Criteria considered to be met – A Lead Cabinet member has been appointed with specific responsibility for Finance and Asset Portfolio.

**b) There is a plan in place to reduce the level of backlog maintenance and this has been approved by members.**

Criteria considered to be met – The Backlog of repairs for the Council's Asset Portfolio is minimal (£250,000 2004/05). Backlog is reported annually to Cabinet in the 'Asset Management Plan' and the 'Asset Performance Report'. Identified backlog is prioritised in the Capital Plan and annual revenue budgets.

**c) The council has developed a set of local performance measures in relation to assets that link asset use to corporate objectives.**

Criteria considered to be met – Asset Services currently use a set of indicators identified at the L.A.M.B benchmarking club that relate to corporate aims. However due to the random collection of data by L.A.M.B members it is intended to use the IPF local indicator database for benchmarking. It is anticipated that these new indicators which are being used by numerous authorities nationally will also relate to corporate objectives.

**d) The council makes investment and disposal decisions based on thorough option appraisal and whole life costing.**

Criteria considered to be met – The Council has adopted a formal Disposal Policy and each disposal is option appraised and considered by AMT. Following this consideration each disposal is submitted to Cabinet for approval. All Capital investment projects are subject to option appraisal, for which a standard proforma has to be approved by Financial Service's prior to approval by the Councils corporate Financial Strategy Group and subsequently Cabinet. Major capital projects are appraised for whole life costings, in addition Financial Services are reviewing the capital appraisal forms to include whole costings for all projects over £50,000.

### 7.3 Level 4

- a) Performance measures and benchmarking are being used to describe and evaluate how the council's asset base contributes to the achievement of corporate and service objectives, including improvement priorities.

*Criteria considered to be met – National Performance Indicators are used to benchmark the Council performance of its property portfolio against other Local Authorities. The performance of these indicators is used to identify improvements priorities that are then assessed against the Councils six key aims of the Corporate Plan, with investments being approved through the capital bidding process. In addition Local Indicators are used to establish annual performance improvement targets through Service Performance Plans.*

- b) The results of performance measurement and benchmarking are communicated to stakeholders where relevant.

*Criteria considered to be partly met – All performance measurement reports are communicated to stakeholders through published reports, Cabinet and Scrutiny, available through the Councils Web site and Intranet. A new Consultation Communications and Partnership Team has been established to lead on all corporate and service delivery performance matters through reports to stakeholders both internal and external.*

- c) The council has developed an approach for the co-ordination of asset management information and its integration with relevant organisational financial information.

*Criteria considered to partly be met – Corporate and confidential AMT minutes are issued to the Financial Strategy Group where all financial matters and implications are considered, prior to approval by Cabinet. Annual and 5 year cyclical survey information is used by Service Units to revise and set annual budgets*

### The ODPM's future focus on Asset Management - RICS Guidelines

For all local authorities whose AMP is rated "good" there is now no prescription for them to submit any further AMP to their regional office, although all authorities still have to produce the national performance indicators annually.

In July 2004, the ODPM commissioned the RICS to produce new guidelines for local authorities to underpin, assist and support them in the continued development of asset management planning in local government. This approach was taken in response to a whole raft of initiatives such as the Best Value Framework, Budgetary Pressures, the Gershon Review, the prudential Code and the CPA process.

Unlike previous ODPM guidance on asset management, these new guidelines seek to foster a greater emphasis on service delivery and the links between effective property management and improved service delivery. A key objective of this approach is to ensure that better value is obtained from property assets thereby making an increased contribution to serving the authority's strategic needs. There is thus a greater emphasis on achievements, in terms of outputs and outcomes.

Following a consultation process the ODPM, in May 2005, issued the final guidelines on how local authorities should produce AMP's for the future. These guidelines are formatted into five key sections, which are: -

- Corporate Vision and Strategy and its Property Implications
- Structure and Roles/Responsibilities
- Inclusion and Engagement
- Implementation and Review
- Performance Management and Data

It is considered that last years AMP and this revised plan already achieve and comply with many good practice aspects of this new guidance and these are being delivered through current good management practice, through the work of AMT and through the improved financial management of the whole Council, via the Medium Term Financial Strategy.

Additional improvements and efficiencies will continue to be implemented, for example partnership working has already commenced with the government commissioned Carbon Trust energy advice service to reduce CO<sub>2</sub> emissions and where possible improve energy efficiencies.

A full copy of the RICS guidelines has been posted on the website, under Property.

**POLICY AND PROTOCOLS**

**A. GENERAL PRINCIPLES**

**B. METHOD OF DISPOSAL PROTOCOL**

**C. EXCEPTIONS TO THE GENERAL PRINCIPLES**

**D. DISPOSAL OF A REVENUE EARNING ASSET**

**E. AREA BASED INITIATIVES**

**F. PARTNERSHIP PROTOCOL**

## **INTRODUCTION**

This Land and Property Disposal Policy sets out the procedures and protocol to be adopted in connection with the disposal of surplus, under-used land and property (excluding housing Right to Buy) owned by the Council. It will be used to enable and support the six key objectives of the Corporate Plan.

It complies with the objectives of the Asset Management Plan, ODPM guidance on Asset Management and Best Value; it is also based on best practice and incorporates specific advice and recommendations made by the Council's External Auditor, Price, and Waterhouse Coopers.

## **POLICY AND PROTOCOLS**

### **9.A GENERAL PRINCIPLES**

- 9.A1 Wherever there is likely to be more than one potential purchaser then all surplus land/property disposals will be completed through a competitive tendering process by open advertisement on the market, the actual market testing option to be agreed by the Asset Management Team (AMT) and the Council's appointed agent (the District Valuer or other Estate Agent).
- 9.A2 The Council is subject to certain constraints when it comes to sell land/property in its ownership, some of these are legislative; others arise because of a general expectation that the Council should be seen to act fairly when disposing of land and property. The Council will therefore seek to: -
- 9.A3 Sell any surplus land/property for the best available consideration, unless determined by an exceptional circumstance that is within the law (e.g. for the benefit of the Community).
- 9.A4 Implement the "Method of Disposal" described in section 2.0 below for all surplus land/property sales as a formal Protocol to ensure that disposals are fair and transparent and that the Council receives the best consideration that can reasonably be obtained.

### **9.B METHOD OF DISPOSAL PROTOCOL**

#### **9.B1 Definition of Surplus/Under-used property**

The Corporate Property Officer of the Council (CPO-Head of Property Services) and the AMT will be responsible for declaring land or property surplus to requirements having taken into account the principles of good asset management. A site will be deemed to be surplus to the Council's requirements if either:

- (a) It makes no contribution to the delivery of the Council's services.
  - (b) It has no potential for future strategic or regeneration/redevelopment Purposes.
  - (c) An alternative site has been identified which would achieve a more cost effective service delivery.
  - (d) Its disposal would help facilitate the achievement of the Council's Corporate Plan objectives".
- 9.B2 A site will be deemed to be under-used if:
- a) The income being generated from the site is below that which could be achieved from:
    - o An alternative use
    - o Disposing of the site and investing the income
    - o Intensifying the existing use
  - b) Part of the site is vacant and is likely to remain vacant for the foreseeable future.

- 9.B3 Any Property that is declared surplus will be brought to the attention of other Council Service units and Leicestershire County Council, prior to disposal outside the Council.

### **Site Identification**

- 9.B4 Sites for possible disposal may be identified in the following ways:
- (a) To meet key objectives of the Corporate Plan
  - (b) Through Local Plan designation
  - (c) Through the Asset Realisation work being undertaken by the Asset Management Team and Head of Property Services
  - (d) Through annual Service Delivery Plans of all Service Units declaring specific sites as being surplus to requirements\*
  - (e) Through identifying previously unidentified surplus land from the Land Terriers and via Land Registry searches

(\*Where an under-used asset is generating an income, a Cost/Benefit analysis should be carried out to establish whether it is in the Council's best interests to dispose of the site.)

### **Site investigations**

- 9.B5 Once a potential site has been identified, Property Services will consult with the Statutory Authorities, as well as the Chief Executives Team, Legal Services, Planning Policy/Development Control, Economic Development, Cultural and Leisure Services, Housing Services and Highways & Transportation (Leicestershire County Council) to firstly, identify whether there is potential for changes of use/redevelopment disposal and then to establish what development constraints there are on the site.

Property Services will be responsible to undertake Ground investigation works (where appropriate) and desk studies into previous land use history (sustainability, environmental and contamination issues etc.). A particular focus will be given to flooding issues where watercourses are in or adjacent to sites and also to any site contamination that may be present.

### **Land Use**

- 9.B6 Unless a site is already designated for a specific use in the Local Plan, consultations by the AMT with the appropriate Head(s) of Service will be undertaken to identify the preferred type of development for the site. These may be either:
- (a) Housing – Social
  - (b) Housing – Private
  - (c) Industrial/Commercial
  - (d) Leisure/Cultural
  - (e) Community-Education/Health/Sustainability/Environ./Town Centre

If there is no requirement for the Council to develop a site, either for investment purposes or social provision, then the site may then be brought forward for disposal. (At this point the relevant Lead Cabinet Member will be advised of any proposals)

### **Disposal Options**

- 9.B7 The AMT, together with the Council's appointed agent (either the District Valuer or other appointed Estate Agent) will recommend an agreed type of disposal, which generally will be either:
- (a) Formal Tendering - the Council invites sealed bids, which are opened together. The Council and the purchaser then immediately enter into a contract under which the purchaser usually pays a 10% deposit.

- (b) Informal Tendering – the Council invites offers, which are opened together immediately following the closing date for the bids specified in the Tendering process. If a higher unsolicited offer is subsequently received all parties may be asked to resubmit.
- (c) Auction – the property is marketed as part of the auction process. If appropriate a reserve price will be set.
- (d) Occasionally, a limited marketing exercise may be used where the land or property has already been subjected to open market testing or following short-listing after initial expressions of interest exercise.
- (e) Where appropriate, sales may be conducted by private treaty where a marketing exercise has failed to secure a buyer, or where Section 3.0 –Exceptions to the General Principles-indicates that there is justification for dealing with a single potential purchaser.

### **Marketing Strategy**

- 9.B8 The CPO together with the Council’s appointed agent (District Valuer or other Estate Agent) will recommend a marketing strategy, for acceptance by the AMT. All staff costs, legal costs, consultants’ costs etc. associated with any potential disposal of an asset (even where such costs do not lead to an actual disposal) will, wherever possible be recovered from the purchaser or recharged to the General Fund. All marketing costs will also be charged to the General Fund.

### **Timing**

- 9.B9 The timing of any marketing of disposals will be considered against the background of the Council’s budgetary requirements, together with the current state of the market. The following factors will also be taken into consideration:
- Is there a corporate need to raise capital receipts?
  - Is there potential for the site value to increase in the future?
  - Regional and Local Planning Guidance - this will influence decisions on the disposal (and acquisition) of land, as well as the future use of individual sites.

### **Asset Management Team**

- 9.B10 The AMT will annually review surplus property in line with the Service Delivery Planning process and a site disposal strategy and plan will be determined. Each site identified for disposal will require a report to the AMT who will then decide whether to recommend a disposal and whether the receipt is to be classified as revenue or capital. This report should contain an up to date, detailed independent valuation of the property and details of the terms and conditions to apply (see Section 4.0 Disposal of a Revenue Earning Asset).

### **Financial Strategy Group & Cabinet Approval**

- 9.B11 If the AMT recommends a disposal, the CPO and/or other relevant Head of Service will prepare appropriate reports for the next Financial Strategy Group and Cabinet cycles to seek Council authority to dispose. Where the disposal involves land or property that is a revenue-earning asset the potential loss of income will be identified; the loss will be calculated net of savings in management and running costs resulting from the disposal. In these circumstances The Head of Finance will be consulted to confirm accurate cost data.

### **Marketing**

- 9.B12 Following Council approval to proceed with disposal the marketing strategy will be commenced with a view to identifying a purchaser. Separate procedures exist for the control of the invitation, receipt and opening of tenders. Any project involving a partnership shall follow the recommended best practice Protocol for selecting a partner (see Section 6.3a Selecting a Partner by Open Tendering).

### **Best Consideration and Statutory Compliance**

- 9.B13 The receipt from any disposal is to be maximised (best consideration) unless there are over-riding factors identified in the Corporate Plan, which take precedence over the receipt of capital, and/or the disposal is in accordance with the law (see section 3.0 Exceptions to General Principles).
- 9.B14 For all methods of disposal, the Council must demonstrate how it will achieve best consideration and to this end: -
- (a) Selected negotiated disposal terms will be subject to independent valuation.
  - (b) Selected development opportunities will be market tested to establish up to date valuation benchmarks.
  - (c) The assessment of best consideration will take into account the additional benefits to the Council identified in any partnership or community benefit disposals to which monetary value can properly be attributed.
  - (d) Direct negotiations with partners will be operated on an open book accounting basis to provide the necessary information and supporting evidence to enable the Council and its auditors to assess that factors taken into account in the negotiations are valid and properly quantified and that the Council's statutory obligations have been met.
- 9.B15 Where the AMT has recommended that a site be sold at a price below open market value, the matter is to be reported to the Financial Strategy Group for consideration and approval before proceeding to Cabinet. A sale of land at a price below open market value may require the consent of the Secretary of State under the provisions of the Local Government Act 1972, although such land disposals may be exempt if they fall within the "General Consent" rules applying to any land disposed to a Housing Association, or comply with other specific regulations.
- 9.B16 Before proceeding to contract the CPO shall confirm with Legal Services that any disposal meets the requirements of Section 123 of the Local Government Act 1972, unless there is an exceptional reason for doing otherwise.

### **Proceed to Contract**

- 9.B17 Once a purchaser has been identified and the terms of the disposal have been agreed and approved by Cabinet, Legal Services will be requested to arrange and complete contracts. Liaison between the CPO and Legal Services Team will continue throughout the contractual stages until there is satisfactory completion of the disposal.

### **Final Completion**

- 9.B18 Once the contract has been signed and completed confirmation will be included in the relevant AMT meeting minutes and the CPO will agree with the Chief Executive and Leader of the Council whether a press statement is to be released.

### **Capital Receipt**

- 9.B19 The useable proportion of the Capital Receipt will depend upon whether it is generated from the General Fund or the Housing Revenue Account. It will be placed in the General Fund unless it has been agreed that the receipt is to be utilised on non-GF schemes.

## **9.C EXCEPTIONS TO THE GENERAL PRINCIPLES**

- 9.C1 For certain types of property open market advertising may not achieve the best consideration. Examples are: -

- (a) Sales of small areas of land where there is realistically only one potential purchaser, for example, sales to adjoining owners.
  - (b) Sales of land where there is a 'special purchaser' for whom the land has a higher value than for anyone else, for example, "ransom strips" (The Stokes v Cambridge principle).
- 9.C2 Occasions may arise where the Council wishes to support or encourage a specific use or development, to deliver key objectives of The Corporate Plan. In these instances sales may be negotiated to particular purchasers. Examples are:

- (a) Sales to Housing Associations
- (b) Sales to developers or companies for industrial and commercial development to create new employment opportunities or protect existing jobs.
- (c) Sales to religious, community, voluntary groups to meet a local need.
- (d) Sales to selected partners in specific areas. All such sales must be in accordance with the procedure outlined in the Partnership Protocol (see section 5.0 Partnership Protocol).

In such circumstances disposals may be secured through a direct negotiated private treaty sale, which must be authorised and approved by Cabinet.

- 9.C3 Where direct negotiations are to proceed with a particular developer, the developer must satisfy the Council on the following issues: -

- (a) The provision of detailed information and plans of the proposed development.
- (b) The timescale for completion of the development.
- (c) Detailed funding arrangements and confirmation that these are in place.
- (d) Evidence of end user commitment and the opportunity for Council to discuss that commitment directly with the end users in question.
- (e) Details of the developer's financial offer for the property.
- (f) Developer's track record with similar developments.
- (g) Any partnership record with other local authorities.
- (h) Full details of any proposed joint venture opportunity.
- (i) Details of any conditions precedent to which the proposal is subject.
- (j) Any wider/longer term regeneration benefits from the proposal. For example, employment or training opportunities during construction or from the proposed end user.
- (k) Provision of any other off site benefits or facilities.
- (l) Potential for attraction of shoppers, visitors, users to the district's facilities.
- (m) Capacity of the proposal for bringing other sites forward or opening up other development potential.
- (n) Potential for leverage of private or other public funds and grants.
- (o) Capacity of the proposal to remove or reduce other Council financial liabilities.
- (p) Satisfaction of the Council's approved regeneration objectives in the Community Plan and Economic Development Statement.

- 9.C4 The information described in 3.3 will be assessed against the following criteria: -

- a) Are there other developers who could deliver the project?
- b) What other potential uses are there for the site?
- c) Is there a robust and justifiable case for direct negotiation and not market testing in accordance with the protocol?

## **9.C DISPOSAL OF A REVENUE EARNING ASSET**

- 9.C1 When the Head of Finance is notified of the disposal of a revenue-earning asset (e.g. a car park) the loss of income, net of savings in costs, will be addressed in the next budgetary process and the

service budget adjusted. This will normally take effect in the first full financial year following disposal. Any adjustment will recognise the overall service budget position. Account may be taken of compensating factors such as new sources of income (e.g. income from new or replacement car parking) and increased income resulting from reviews of charges.

## **9.D AREA BASED INITIATIVES**

9.D1 In area-based initiatives where the Council wishes to work with a partner or partners to secure a common agreed goal, the procedures outlined in the Partnership Protocol (see section 6.0 Partnership Protocol) will be followed. Thereafter, sales to those partners within the area may be directly negotiated to further the aims and objectives of the Partnership Strategy. The land and buildings necessary to be made available in the partnership arrangement will be identified at the outset and a recommendation made to the Financial Strategy Group and Cabinet by the AMT. However, the partnership document may be later amended by agreement of the Financial Strategy Group/Cabinet to account for changing circumstances identified by the detailed evolution of the delivery plans, new funding regimes and new opportunities which may arise.

9.D2 Once a partner is selected, the following points will be considered:

- (a) Financial Regulation BB3 (32) (Land and Buildings) requires officers to notify the Deputy Chief Executive of all proposals to acquire or dispose of land and buildings. The Asset Management Group and Legal Services must be consulted about these matters.
- (b) The relevant powers under which the land is held will be identified.
- (c) The relevant powers under which the land is to be disposed will be identified.
- (d) If land is public open space, the appropriate statutory advertising procedures will be complied with.
- (e) The CPO/AMT will arrange for a valuation of the land through the District Valuer or appointed independent Valuer. The “consideration” for the land refers to the price as well as non-monetary matters provided they have a quantifiable or monetary value, which is capable of being assessed by a land valuation expert.
- (f) If the sale is to be at an undervalue and requires either a general or specific consent from the Secretary of State this will be arranged to enable the Transfer to proceed.
- (g) The proposed transaction should be reported to the AMT who will make recommendations to the Financial Strategy and/or Cabinet where appropriate.

## **9.E PARTNERSHIP PROTOCOL**

### **Context**

9.E1 This Partnership Protocol will act as a good practice guide for selecting development partners within area-based initiatives, which are led by, or influenced by, the Council. Officers and members will be expected to follow the good practice contained in this Protocol to safeguard the authority from any allegations of favouritism or anti-competitive practices.

9.E2 This Protocol acknowledges that there are three differing sets of circumstances in which a partnership may be appropriate: -

- (a) Area based partnerships where the Council is working with an established area based organisation and the partner will therefore be self-selecting. Examples include District’s Single Regeneration Budget initiatives.
- (b) Current area based initiatives where the existing agreement has come to an end. In such circumstances the Council will review the achievements of the existing partnership together with the future needs of the area and how these may best be achieved. The Overview Director for Asset Management (Deputy Chief Executive) will consider all options in conjunction with the appropriate service unit(s) and make recommendations to the relevant Council Group on a case-by-case basis, as the appropriate way forward.

The recommendations of the relevant Council Group will be submitted to the Financial Strategy Group and Cabinet for approval.

- (c) Projects where the Council will be actively seeking a partner for a specific project, which will be open to competition from the market. An example could be a joint venture of land/buildings where the Council may contribute land and is seeking a partner to provide development funding. The partnership selection process will be open and accountable ensuring probity, equity and fairness to all prospective partners in the process.

### **When to Select a Partner**

- 9.E3 Officers will need to assess the individual circumstances of particular area based initiatives and consider whether entering into an arrangement with a partner will lead to medium to long-term benefits over and above those that could be gained by simply selling land, buildings and/or other assets as one-offs to the highest bidder as part of the initiative.
- 9.E4 Medium to long-term benefits of entering into a partnership arrangement with a private partner (e.g., a private developer or housing association) could include: -
  - (a) A “commitment” to the initiative that the partner that can assist in attracting funds to the scheme (many Government initiatives require “signed-up” partners at the outset).
  - (b) To provide on-going professional input to the initiative.
  - (c) To provide a forward programme of development within a scheme.
  - (d) To provide funding guarantees for land assembly including compulsory purchases.
  - (e) To “front-fund” schemes in advance of full funding being available.
  - (f) To provide additional “community benefits” as part of the initiative.
  - (g) To support 2020 Vision, the community strategy objectives and other appropriate strategies/initiative within the area.
- 9.E5 Where Officers believe that entering into a partnership arrangement with a private partner within an initiative may provide medium to long-term benefits over and above straightforward market-tested land, building and/or other asset sales, the matter will be considered initially by the CPO and the relevant Council Group who will then make recommendations to the Financial Strategy Group and Cabinet. Only after members have considered the matter and resolved to enter in to a partnership agreement as part of an initiative will the Council commence a partnership selection process or conclude a partnership agreement.

### **Area Based Partnerships**

- 9.E6 The CPO must formally approve the details of the partnership feasibility work affecting Council land and property, which will comprise: -
  - (a) The initiating Service Unit will request that the CPO carry out an audit and valuation of land and buildings within the area in question. The Service Unit will liaise with other Council Service Units affected by the proposal.
  - (b) The CPO will confirm the availability or otherwise of land and buildings to be utilised as part of the redevelopment initiative following consultation with relevant Service Units. any disposal of land and buildings must satisfy the requirements of Section 123 of the Local Government Act 1972 or the approval of the Secretary of State be obtained for disposals at less than best consideration.
- 9.E7 Officers involved in the partner selection process should jointly agree the criteria by which they will choose a partner. The criteria against which potential partners will be assessed will be formally written down and appropriately weighted in advance. Criteria for selection include:

- (a) Previous experience and track record of the organisation.
  - (b) Financial capacity of the partner to undertake development.
  - (c) Financial feasibility of the project.
  - (d) Contribution to Corporate Plan in terms of: -
    - Economy and jobs
    - Better education for all
    - Health and social well being
    - Environment and homes
    - Community safety
    - Leisure and culture
    - Building communities
- 9.E8 Due to the wide range and purpose of possible partnerships the detailed evaluation and investigations should be agreed on a project-by-project basis but be based upon the above aspects.
- 9.E9 Only when the Financial Strategy Group is satisfied that the following procedures have been met will authorisation be given for officers to move to the next stage in the process to seek a Cabinet resolution resolving to enter into a partnership agreement.
- (a) The boundaries of the partnership area have been agreed.
  - (b) Audit of land, buildings and/or other assets to be included in the partnership agreement.
  - (c) Information from the Corporate Property Officer that the land/building are surplus to requirements.
  - (d) Detailed preliminary appraisal of potential capital and revenue financial implications.
  - (e) Confirmation that the body in control of the specific initiative is in agreement with working with a development partner;
  - (f) Appropriate valuations from CPO.
  - (g) Advice over potential future usage from relevant Service Units
  - (h) Advice from the relevant Directors as to any proactive strategy that may be required to meet the partnership objectives and any implications of such actions.
  - (i) The criteria for assessing prospective partners including appropriate weightings.
  - (j) Identification of interaction with existing service partnerships and regeneration initiatives.
  - (k) Confirmation from Legal Services that the assessment criteria or any other matters do not contravene legislation or the Council's Constitution.
- 9.E10 Where an existing area based initiative has come to the end of its contractual period the the Overview Director for Asset Management will review the options for future initiatives in the area in conjunction with the appropriate service departments. The recommendations will be submitted to the Capital Group and subsequently to the Executive Committee.

### **Selecting a Partner by Open Competition for a Specific Partnership Project**

- 9.E11 In all circumstances the decision to enter into a partnership must be seen as equitable and fair, of benefit to the Council and community at large and be able to demonstrate best value. Openness and integrity in the selection process from officers and members will ensure that allegations of preferential treatment and un-competitive practices cannot be justified against the Council.
- 9.E12 It is recommended that a Partner Selection Pack be produced for potential partners, which will provide sufficient information to allow the potential partner to submit their proposals to the local authority. The following details could be included in the pack: -
- (a) The particulars of the Council land, buildings and/or other assets within the project boundaries.

- (b) The details of the project including other partners; a brief background; timetable; funding etc.
  - (c) The contribution of the Council to the project. This may be by way of land and buildings and/or specific measures to stimulate a particular course of action.
  - (d) Where the disposal or land/buildings is involved the transaction must satisfy the requirements of Section 123 of the Local Government Act 1972 or the approval of the Secretary of State be obtained for disposals at less than best consideration.
  - (e) A brief summary of the criteria that potential partners will be assessed on.
  - (f) Content and timetable for returning submissions to the Council.
- 9.E13 The Partner Selection Panel will contain representatives from:
- Chief Executives Team-Overview Director
  - Asset Services
  - Change Management -Policy & Legal Services/ Regeneration and Business Partnerships
  - Finance Services
  - Any relevant Service Unit representative as determined by the Panel.
- 9.E14 Adverts to be placed in business journals to invite potential partners to submit their proposals to the Council for consideration.
- 9.E15 Competition to be as wide as possible and not unduly restricted to those potential partners expressing an interest in a project. This could be regarded as being anti-competitive and against the spirit of this Partnership Protocol.
- 9.E16 The partner selection panel, when considering submissions made to the Council from potential partners, must assess the submissions only against the criteria previously agreed prior to the selection process or subsequently communicated to all parties by way of equitable procedure. All attempts to assess submissions against revised criteria, not formerly communicated to potential partners in the Partner Selection Pack, would be deemed as unfair and inequitable.

### **Post Partner Selection**

- 9.E17 It is a requirement that a formal Partnership Agreement is entered with the partner detailing the obligations of the parties. This Agreement will detail the development obligations on the partner; consideration to be paid for land, buildings and/or other assets; the timescale within which the developments will take place including key milestones for longer-term Agreements; and the Council's expectations of the partner within the project (e.g., working with community groups and other parties). The Agreement will detail the Council's obligations including the release of land, buildings and/or other assets; match-funding if applicable; and assistance with Planning and Legal consents, where appropriate.
- 9.E18 The decision to select a partner and the detail of the Partnership Agreement is to be reported to the Cabinet as soon as practicably possible.
- 9.E19 The Partnership Agreement should clearly set out responsibility for the key objectives of the partnership, key milestones and evaluation and performance criteria including key performance indicators, provisions for monitoring arrangements and Council access to information