

Report to: Regeneration Services Scrutiny Committee

Date: 19th February 2008

Report of: Head of Asset & Property Management

Subject : Service Unit Performance Report – Asset & Property Management

1.0 Purpose

1.1 The report is intended to provide members of the Regeneration Scrutiny Committee with performance information in relation to the Asset & Property Management Section.

2.0 Consultation

2.1 In preparation of this report the Director of Regeneration & Development and the Executive Member for Resources have been consulted.

3.0 Background

3.1 Service Vision - To provide an efficient, effective and professional service to all of our clients & customers in order to provide the right property at the right price in the right location.

3.2 Service objectives –

- Support the Councils vision and implement priorities in the progression of its major property based strategic developments.
- Optimise the utilisation of land & buildings, energy and other resources.
- Ensure that the Councils estate delivers its objectives effectively & efficiently and that any surplus properties and land are disposed of to maximise returns.
- Work in partnership with all stakeholders to ensure best value is attained in all aspects of service delivery.

4.0 Scope of Service

4.1 The Council's property portfolio comprises 339 property assets. The portfolio is managed in two separate estates:

- Operational Estate – This comprises the property used in the delivery of the Councils day to day services as well as its office accommodation and includes: 5 offices, 7 Community Centres, 25 Day Centres, 6 Sheltered Housing Aged Persons Units, Hackworth Depot, 2 leisure centres and 25 other miscellaneous related properties.
- Non-operational Estate – This comprises properties/land that is not used for the direct delivery of services but retained for investment &

social purposes. This target set for Capital Receipts from disposals during 2007/08 is £15M. These monies are critical to support the capital investment programme. Properties classified as non operational include 21 retail units, 175 allotments and 3 resource centres plus development land and grazing sites.

- Currently 10 staff are employed within the section including: Head of Service, 2 valuation staff, 1 facilities manager an electrical engineer, 2 administrators, 2 car parking security officers and 1 caretaker.

- 4.2 Although a formal restructure of the unit was agreed by Executive in September 2007 to include the appointment of an additional 4 new posts in recruitment has proved difficult. Although jobs have already been advertised widely there has been very little interest. In addition due to an additional 2 staff leaving the section is currently 6 professional staff short within the structure and 5 posts are presently being advertised initially within the Durham Districts/County Council and if this fails to attract suitable candidates we will advertise in the professional press.

The lack of professional staff is having a significant impact in terms of achieving the full aspirations of the current service plan and as such work is being prioritised to meet the priority requirements of the transitional plan including capital receipts/warden services review/BVPI 156/transfer of community assets & facilitating regeneration objectives together with ensuring that buildings are safe and comply with statutory requirements.

5.0 Services provided:

5.1 Valuation Services

- 5.1.1 Asset Management: Responsible for preparing and reviewing the Councils Asset Management Plan to identify service requirements and operational costs/performance and ensure that the portfolio is constantly reviewed to ensure the Council occupy the most appropriate buildings. In addition the team are responsible for developing and populating the Council's electronic asset management system and undertaking asset valuations for both the housing and corporate stock.

5.2 Acquisitions and Disposals

- 5.2.1 Responsible for identifying surplus property assets, realising development potential and marketing and negotiating terms for the disposals of land and properties to achieve capital receipts & promote regeneration. Receipts for 2007/08 have been agreed at £15M of which the majority of sales have been agreed. Revised receipt targets of £5M per annum for the each of the years 2008/09 & 2009/10 have also been agreed through Capital Working Group and these sales are to be generated from land and buildings included within the land disposals strategy.

5.2.2 In addition the section are also responsible for the acquisitions of land and properties to facilitate key economic regeneration schemes both by negotiation and Compulsory Purchase. Recent schemes include St Johns Square Seaham, Thornlaw South Thornley and Burns Terrace Shotton.

5.3 Property Management

5.3.1 Responsible for managing the commercial estate including valuation & negotiation of rent reviews, lease renewals and the granting of new interests, service charge arrangements and general estate management. Currently key areas of work include management of the estate shops, Crimdon Dene and Peterlee & Seaham Leisure Centres.

5.4 Facilities Management

5.4.1 Responsible for the maintenance of 84 operational and non-operational properties including the Council complex.

5.4.2 The section is responsible for developing planned and reactive maintenance programmes to include fire, electrical and health & safety in addition to accommodation audits and moves and ensuring compliance with access requirements under the DDA and BVPI legislation. Currently this section is significantly understaffed with 1 Facilities Manager and 1 electrical engineer undertaking a significant number of schemes as well as managing the caretaker and car parking officers.

5.5 Performance Management

5.5.1 Performance indicators have been developed and included in Appendix 1. These form part of the units Service plan for 2007/08. These are a new suite of indicators that reflect the priorities and objectives of the newly restructured unit. However as a result of their recent introduction the relevant data collection systems are in the process of being implemented and data validated. Ongoing analysis of the indicators however is a key role of the newly established Asset Management section.

5.5.2 Key current projects are all linked to the sections service plan key objectives of:

1. Have an effective Asset Management Strategy for the use, Management & disposal of assets
2. Achieve Best Value from the use of Councils Assets
3. Promote the development of staff.

Key Projects in Service Areas - update since report in Oct 2007

5.6 Facilities Management

PROJECT	OUTCOME	TIMESCALE as at Oct 2007	TIMESCALE as at Feb 2008
Restructure Implementation Appointment of 2 facilities management officers Appointment of 1 electrical engineer Appointment of 1 contracts manager	Fully resourced Facilities Management section able to provide a responsive professional 'one stop shop' for all maintenance issues	Closing date for applications 28.9.07 appoint and in post by Dec 07.	Electrical Engineer appointed. Continued recruitment programme for 2 FM officers
Access works on 5 Aged persons units to comply with DDA/BVPI 156.	Work on site - due for completion Sept 07. At which time 42% of properties BVPI compliant in line with the Councils set standard.	Sept 07	Works complete on 4 APU's & BVPI target achieved Work being finalised on 5 th APU target April 2008.
Council Complex- creation of fully accessible 'one stop shop' reception area Building 9 together with improved signage and public access.	Improve accessibility to Council services	April 08	Works ongoing signs replaced footpath works to start March 2008.
Leisure centres – Capital & Revenue investment programme £150,000	Schemes designed & out to tender. Maintain good quality leisure services.	March 08	Schemes on site for perimeter fencing, sports hall lighting & locker improvements
Boiler replacement Building 10 Council Complex.	Replace redundant boiler/improve heating efficiency/reduce carbon emissions.	Sept 07	Complete
Review condition survey data from IPF and implement priority works.	Ensure short-term health & safety achieved on all buildings/review long-term investment requirements.	March 08.	All Surveys complete, Engineering works commissioned.
Prepare planned & reactive maintenance programme linked to Asset Management Plan requirements	Prepare life cycle cost plans and bids to capital programme.	March 08	Programmes being delayed to August.

5.7 Asset Management

PROJECT	OUTCOME	TIMESCALE	TIMESCALE
Appoint Asset Management Officer	Implement Asset Management Programme	Oct 07	Internal appointment made.
Prepare Housing Asset Management Plan	Assist EDH in achieving 2* status and drawing down decent homes capital investment	Nov 07	Delayed due to additional work commissioned as part of project.
Prepare EDC Corporate AMP	Develop a strategy linking the use of property assets to the Councils strategic requirements/maximise use/minimise cost.	March 08	Delayed due to increased work on EDC AMP Dec 2008.
Develop & populate electronic AM database.	Increased management control through performance data.	Dec 07	Ongoing delays due to staff shortages.
Property Review & preparation of Service AMP's for all operational properties.	Individual Service heads have an agreed property strategy for their service to improve service delivery and performance.	Feb 08	Review of Wardens Services Prioritised remainder to be completed March 2009.
Achieve Level 4 KLOE	Demonstrate best practice in Asset Management.	April 08	Revise to Level 3 due to staffing shortages.
Review Asset Register & revalue all assets	Ensure key core data available to influence property review proposals.	Feb 08	On Target.

5.8 Acquisitions and Disposals.

PROJECT	OUTCOME	TIMESCALE	TIMESCALE
Appoint Senior Acquisitions & Disposals Officer Appoint Trainee Surveyor	Assist implement programme of purchases and sales.	Oct 07	Post still being activated.
Disposal of sites identified in Appendix 2	Generate £15M to support Capital Programme.	March 08	Sales agreed completions will be delayed on some sites until May 2008.
Prepare & implement CPO Magistrates Court St John's Square	Facilitate the Comprehensive redevelopment of St John's Square.	Oct 07 – Sept 08	CPO prepared report to working Exec 12.2.08
Lands Tribunal Case Blackhills Rd Horden	Retention of Industrial development land for economic regeneration.	Nov 08	Tribunal held Dec 07 decision awaited.
Liveability	Undertake land & property acquisitions to realise Liveability objectives	April 08	Ongoing
Peterlee masterplan	Negotiate sites to be included in Partnership proposals.	Dec 08	Ongoing
Murton Colliery Site	Negotiate terms for transfer of Councils property interest to facilitate regeneration	April 08	Negotiations ongoing

5.9 Performance Summary

- Capital Receipts programme ahead of target for sales agreed but completions still to conclude requiring frequent monitoring. As at 1st February 2008 £5.846M received, & sales of £11M have been agreed but will not complete until next financial year as these transactions are subject to the receipt of planning permission. Significant sales at Thornlaw South, Windsor Place and North Blunts to be concluded as a priority.
- Facilities management projects on track urgent work identified as a consequence of condition survey reports from IPF have been identified and works commissioned to ensure these are addressed.

- Asset Management programme dependant on additional resources to release current staff and critical to achieve Corporate objectives.
- Substantial rent arrears identified within the non-operational estate have been addressed and arrears have reduced by 39% since October.
- Sickness levels within the unit are currently 21.26 days. This has been largely due to 2 members of staff being on long term sick but these staff have now returned and hopefully figures will now improve.

6.0 Implications

6.1 Financial Implications

6.1.1 The Councils capital and revenue programmes are reliant upon the generation of capital and revenue receipts arising from the sale and management of the Councils Assets.

6.2 Legal implications

6.2.1 The report addresses the Councils legal obligations associated with the operation of buildings.

6.3 Policy Implications

6.3.1 There are no Policy Implications

6.4 Risk Implications

6.4.1 A risk assessment has been completed and the necessary actions required to effectively manage the identified risks have been implemented.

6.5 Communications

6.5.1 There are no communications implications.

6.6 Corporate Implications

6.6.1 The report outlines the team's activities in line with Corporate Planning. The report outlines the key project areas provided appointments are secured for the outstanding staff vacancies.

6.7 Equality & Diversity

6.7.1 Equality & Diversity issues are addressed as part of the property management and asset management arrangements proposed for the property stock for both the Public and Staff.

6.8 Policy Promotion & Planning

6.8.1 There are no policy, promotion and Planning issues.

6.9 E-Government

6.9.1 There are no E-Government issues.

6.10 Procurement

6.10.1 All building and maintenance works are undertaken in accordance with the Councils Procurement Regulations.

6.11 Local Government Review

6.11.1 There are no LGR implications to consider.

7.0 Recommendations

7.1 That Members note the contents of the report, and the positive progress made by the unit.

Background Papers/Documents referred to

1. Unit Evidence Files
2. Risk Assessment matrix

Appendix 1

PERFORMANCE INDICATORS							
Please include all indicators used to demonstrate the performance of your unit against its objectives. Indicators can be BVPI's, local indicators, PSA targets, LSP Floor targets or key service standards.							
Indicator	2006/7	2007/8	2008/9	Current Quartile position if applicable	Target 2007/8	Target 2008/9	Target2009 /10
FM							
<p><u>Condition & Required Maintenance</u></p> <p>% Gross internal floor-space in condition categories A-D</p>	Condition & DDA surveys currently being undertaken across portfolio will be completed by September 2007	51,183 m2	.		100% condition data to be collected and categorised		
<p>Required Maintenance by cost expressed:</p> <p>1) as total cost in priority levels 1 –3</p> <p>2) as a % in priority levels 1-3</p> <p>3) Overall cost per square metre GIA</p>	Key outcome of condition surveys	<p><u>Year One</u></p> <p>3,534,098</p> <p>1 - 42% (1,481,196)</p> <p>2 – 31% (1,098,549)</p> <p>3 – 9% (319,515)</p> <p>4- 18% (634,839)</p> <p>£69.05</p>			100% condition data to be collected and categorised		

Annual percentage change to total required maintenance figure over previous year.							
1) Total spend to maintenance in previous year. 2) Total spend on maintenance per square metre GIA 3) Percentage split of total maintenance between planned and reactive maintenance.	Key outcome of condition surveys. Key outcome of condition surveys	<u>Year One</u> £935,789.59 £18.28 60% Planned 40% Maintenance					
Environmental Property Issues A- ENERGY/COSTS CONSUMPTION by property category in £ per m2 & Kwh per m2 GIA. B- WATER/COST CONSUMPTION – by property category in £ spend per m2 GIA by volume m3 per m2 GIA. C- CO2 EMISSIONS per property of carbon dioxide per m2 GIA.	Energy database purchased and being populated by Energy Manager. Based on completion of initial 12 month analysis information will be available to complete this section and set meaningful targets.	Targets to be set from completion of 2007/8 consumption analysis.					
SUITABILITY/SUFFICIENCY SURVEYS							

<p>A) % of portfolio by GIA sq m for which a suitability/sufficiency survey has been undertaken in last 5 years.</p> <p>B) Number of properties for which a suitability survey has been undertaken in the last 5 years</p>	<p>Programme of suitability & sufficiency surveys agreed to match condition survey timetable</p>	<p>a) 45%</p> <p>b) 31</p>					
BUILDING ACCESSIBILITY SURVEYS							
<p>BVPI 156 Accessibility to Council owned premises</p> <p>A) % of Portfolio by GIA sq m for which an access audit has been undertaken by a competent person.</p> <p>B) Number of properties for which an Access Audit has been undertaken by a competent person.</p> <p>C) % Portfolio by GIA for which there is an accessibility plan in place.</p> <p>D) Numbers of properties for which there is an Accessibility Plan in place.</p>	<p>22.58%</p> <p>Information not available but funds secured from Council to undertake Surveys to generate data</p>	<p>27.22%</p>	<p>42.25%</p>		<p>42.25%</p>	<p>60%</p>	<p>75%</p>

Property Management	Current	@02/2008					
% of Non Operational Land and Property Let	86%	95%					
Outstanding rent arrears both in amount and as a percentage of total rental income	£23,604	£14,309					
Actual & % reduction in arrears.		£9,295 (39%)					
% Lease/license renewals & rent reviews notices a) served on time. b) completed within 6 months	1 Renewal for 2007 (Bells Stores) 100%	100%					
Actual & % of Capital Receipts achieved against targets.	<i>2007/08 capital receipts target is £15,260,437</i> To Date: £3,772,639 25%	<i>Revised Target £14,853,050</i> Received : £5,873,818 39.5%					
RTB valuations completed and returned within 2 weeks of receipt.	Not applicable at present time as RTB's currently undertaken by external agents	N/a					