

# Scrutiny Sub-Committee for Corporate Management Issues

28 February 2005



## Durham County Council Property Estate and Management Issues

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### Report of Ken Pearson, Head of Corporate Estates

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#### Introduction

1 This report is intended to provide a brief overview of the Estate, its value and the budgets associated with investment and management.

#### 2 The Estate

Comprises

	2002	2003	2004
Community Centres	35	35	33
Social Services properties	86	84	93
Libraries	38	38	38
Museums	3	3	3
Offices/One Stop Shops	20	20	20
Waste Disposal Facilities	4	4	4
Business Units	86	86	86
Business Parks (joint)	17	17	18
County Farms (holdings)	49	30	26
Schools	311	307	304
Green Estate	2627 ha	2627 ha	2626 ha

#### 3 Financial Information

For property, excluding highways

	2003/04	2004/05
• Asset Valuation (opening balance)	£486.874m	£457.146
• Capital Programme	£48.615	£68.572
• Annual Capitalised Maintenance Budget	£4.152	£4.256
- Condition	£5.627	-
• Annual Revenue Maintenance Budget	£3.18m	£2.87m
• Repair and Maintenance Backlog (5-year)	£125m	£144m
• Sales Target	£5m p.a.	£5m p.a.
• Rental income (approx) figures for previous years	£594,530 pa	£634,509 pa

#### 4 **Corporate Asset Management Plan**

All Authorities have been required to produce the following documents for the ODPM in the past few years:

**Context Statement** – a summary of property assets, their value (for accounting purposes), maintenance backlog, capital budgets and the funding sources.

**Capital Strategy** – a high level document explaining the key issues in the planning and application of capital investment.

**The Asset Management Plan** – describing the processes, procedures and key issues involved in management of the estate.

These documents can all be viewed on the Internet and Intranet.

There is no longer a requirement to submit these documents to ODPM, but this Authority's 'Good' (i.e. the highest level) rating was taken into consideration in the Comprehensive Performance Assessment (CPA).

Guidance on the future of Asset Management Planning for local authorities has recently been produced on behalf of the ODPM. A full report on the proposals and the implications for the Authority has been prepared for Cabinet. The main requirements are for the development of:-

- service strategies
- a property strategy
- an asset plan
- a capital plan

It does not appear that the documents themselves will be assessed in future CPAs but it is expected that the processes associated with the planning, review, management and investment in property will need to be demonstrated in the business activity of the Authority.

#### 5 **Best Value Review**

Property formed an integral part of the Best Value Review of Support Services with the following recommendations produced:

Recommendation PS1

Corporate Property Planning – develop clear long-term plans for property needs across the Authority underpinned by an investment strategy to deliver them.

Recommendation PS2  
Corporate initiatives – improve procedures to compile and deliver major corporate/cross cutting initiatives.

Recommendation PS3  
Property Management – introduce mechanisms to ensure efficient use of property across the Authority.

Recommendation PS4  
The Alliance – introduce improvements to the working of the Alliance.

Recommendation PS5  
Support and advice – improve communications, support and advice for property customers e.g. a single help desk for property services.

Recommendation PS6  
Costs – set and report upon targets for property and the Alliance with comparison against benchmarks for the industry.

The recommendations reflect the future thinking on Asset Management and improvements in the delivery of property services. Improvements implemented to date include adjustments to the working of the Strategic Alliance (Building), creation of a one-stop-shop for property assistance and advice (as an electronic link at this stage), appointment of a customer support manager and the ongoing restructure of Estates and Building Design Services.

## 6 **Performance Measurement**

A range of performance measures is used in assessing property and property service performance

- BVPI156 relating to access for disabled people to public buildings:

	<b>% of public buildings accessible</b>	<b>Achieved</b>
Target 2003/04	25% (29 buildings)	✓
Target 2004/05	35% (40 buildings)	✓
Target 2005/06	50% (57 buildings)	-
Target 2006/07	60% (68 buildings)	-

- 5 property performance indicators covering condition (repair and maintenance), return on investment for industrial, retail and agricultural property, management costs, property revenue costs and capital programme delivery are measured in the Asset Management Plan. The ODPM has ceased to call in the information because of concerns about the relevance and basis of assessment adopted nationally. New performance indicators are envisaged in the recent guidance.

- Cost benchmarks for building projects.
- Delivery of building projects and programmes.
- Annual property sale targets.

## 7 **Considerations**

- The estate is reducing in terms of land area, mainly due to farm sales. However, the building area is increasing.
- The repair and maintenance backlog, which is recognised as a key property indicator nationally is now assessed at £144m allowing for inflation on building costs. The repair/budget available has reduced from £9.779m in 2003/04 to £4.256m with the end of the New Deal for Schools (NDS) Modernisation funding provided by the government.
- Targets for improving the accessibility of public buildings are being achieved. The investment in improvements to meet the more general requirements of the Disability Discrimination Act (DDA) has been assessed at £7m from Access Audits carried out.
- Sale targets are being achieved contributing to the funding available for other priority needs. Redevelopments have been finalised (or stages completed) resulting in the provision of a new Youth Centre at Aycliffe and the new Education Development, Spennymoor, together with additional capital receipts. Detailed summaries of all sales activity and of County Farm sales are provided in Appendices 2 and 3 respectively.
- Capital projects in the form of the Incubator and Research Unit at Netpark have been completed and others – Pelton Primary School and The Oaks and Evergreen are underway. The spaces for Sport and Art projects have also been completed
- Improvements in the delivery of building work have been noted.

## 8 **The Future**

Emphasis will be placed upon:

- Maintaining sale targets.
- Disposal of the non-operational elements of the Green Estate.
- Rationalisation and replacement projects.
- Maintaining access improvement targets.

- Making better use of office space and reducing premises related running costs.
- Developing the Building Schools For the Future initiative.
- Delivering the Best Value Review Action Plan.

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**Contact: Ken Pearson Tel: (0191) 383 3369**

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**Appendix 1: Implications**

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**Finance**

N/a

**Staffing**

N/a

**Equality and Diversity**

N/a

**Accommodation**

N/a

**Crime and disorder**

N/a

**Sustainability**

N/a

**Human rights**

N/a

**Localities**

N/a

**Young people**

N/a

**Consultation**

Report for information