

Report to: Regeneration Services Scrutiny Committee

Date: 5 January 2009

Report of: Head of Asset & Property Management

Subject : 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 2008/09 is £6,455,844. Properties classified as non operational include 21 retail units, 175 separate allotment gardens and 3 resource centres plus development land and grazing sites.

5.0 Services provided:

5.1 Valuation Services

5.1.1 Asset Management: Responsible for preparing and reviewing the Council's 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. A target for Capital Receipts was set for 2008/09 at £6,445,844 and although sales of land equivalent to the target had been agreed, due to the downturn in the residential property market only a very limited number of sales have completed. 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 however these will be subject to ongoing review.

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. Staff recruitment has proved particularly difficult in this area and agency staff have been recruited to assist the significant workload of the Facilities Manager.

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 2008/09. These suite of indicators 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.

5.5.3 Performance Summary

- Capital Receipts programme is significantly behind target for sales. As at 1st December 2008 £251,586 has been received.
- 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.
- Arrears within the non-operational estate have fallen since February 2008 from £32,489 to £10,396 and the unit are working with Finance to recover these outstanding monies.

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. As a consequence of the current economic difficulties the Director of Finance has restructured funding within the medium term financial strategy to cover for the reduction in capital receipts.

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.

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	Performance as at 1/12/08	Target 2007/8	Target 2008/9	Target 2009 /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	35,790m2 70%	51,182m2 100%		100% condition data to be collected and categorised	100%	
<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	£741,101 1 £0 2 741,101 3 £0	£1,838,251 1 £0 2 £586,750 3 £1,251,501	£1,528,381 1 £0 2 £526,750 3£1,001,631	100% condition data to be collected and categorised		
<p>Annual percentage change to total required maintenance figure over previous year.</p> <p>1) Total spend to maintenance in previous year.</p> <p>2) Total spend on maintenance per square metre GIA</p>	Key outcome of condition surveys.	Will be developed once base condition information available	£731,100 £14.28/m2	£310,870 £6/m2			

<p>3) Percentage split of total maintenance between planned and reactive maintenance.</p>	<p>Key outcome of condition surveys</p>	<p>Will be developed once base condition information available</p>	<p>70% planned 30% reactive</p>				
<p>Environmental Property Issues</p> <p>A- ENERGY/COSTS CONSUMPTION by property category in £ per m2 & Kwh per m2 GIA.</p> <p>B- WATER/COST CONSUMPTION – by property category in £ spend per m2 GIA by volume m3 per m2 GIA.</p> <p>C- CO2 EMISSIONS per property of carbon dioxide per m2 GIA.</p>	<p>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.</p>	<p>Targets to be set from completion of 2007/8 consumption analysis.</p>	<p>£125,991 £2.46m2</p> <p>£57,108 £1.12m2</p> <p>non available</p>			<p>First Year Figures Target yet to be set.</p> <p>CO2 emissions information not yet calculated</p>	<p>Energy Rating Certificates in the process of completion by Utilities Officer. Completion by Feb 03</p>
<p>SUITABILITY/SUFFICIENCY SURVEYS</p> <p>A) % of portfolio by GIA sq m for which a suitability/sufficiency survey has been undertaken in last 5 years.</p>	<p>Programme of suitability & sufficiency surveys agreed to match condition survey</p>		<p>39%</p>			<p>60%</p>	

B) Number of properties for which a suitability survey has been undertaken in the last 5 years	timetable		28				
BUILDING ACCESSIBILITY SURVEYS							
BVPI 156 Accessibility to Council owned premises	22.58%	27.22%	39.39%		42.25%	60%	75%
A) % of Portfolio by GIA sq m for which an access audit has been undertaken by a competent person.	Information not available but funds secured from Council to undertake Surveys to generate data	53 %	92%				
B) Number of properties for which an Access Audit has been undertaken by a competent person.		31	49				
C) % Portfolio by GIA for which there is an accessibility plan in place.		21%	45%				
D) Numbers of properties for which there is an Accessibility Plan in place.		16	34				

Property Management	Current						
% of Non Operational Land and Property Let		86%	75%				
Outstanding rent arrears both in amount and as a percentage of total rental income		£23,604	£32,489	£10,395,95			
Actual & % reduction in arrears.		-	57%	17%			
			£8,885 (increase)	£13,208,05 (Decrease)			
			16% (increase)	40% (Decrease)			
% Lease/license renewals & rent reviews notices a) served on time. b) completed within 6 months		1 Renewal for 2007 (Bells Stores) 100%	N/a for 2008				
Actual & % of Capital Receipts achieved against targets.		2007/08 capital receipts target was £6,203,695 100% achieved	2008/09 capital receipts target £6,455,844 To date £363,500 6%	£251,586 4%			
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				