

Corporate Property Asset Management Plan 2010



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Corporate Property Asset Management Plan 2010

1.0 Section 1 – Introduction

- 1.1 An Asset Management Plan is defined by the Royal Institution of Chartered Surveyors in its Asset Management Guidelines as “a plan covering the organisation’s asset strategy together with other related matters, for example, the organisational structure and governance, roles and responsibilities, data performance management arrangements and performance measurement information”.
- 1.2 There have been several documents, sponsored by Central Government, giving guidance on property asset management but the actual content of an asset management plan depends upon the needs of the local authority. West Berkshire’s plan is set out as follows:
- Existing arrangements
 - Asset Strategy
 - Performance and delivery
 - Review and action plan
- 1.3 The Asset Management Plan is one of a number of documents which set out the Council’s policies and objectives. The Sustainable Community Strategy, entitled, ‘A Breath of Fresh Air’, is the one which sets out a long term vision for the District up until 2026. It was developed by the West Berkshire Partnership (the District’s Local Strategic Partnership). As well as consulting with local organisations and networks of organisations, the Strategy has been informed by the priorities identified within Parish Plans and recognises the factors influencing West Berkshire at both a national and local level.
- 1.4 The Sustainable Community Strategy is based on five themes:- prosperity, strong communities, green issues, safety and health. The aim is to protect areas of strength within the district but also recognise areas where improvement is needed.
- 1.5 The Council has a 5 year Council Plan which supports the Community Strategy and demonstrates the Council’s role in helping to make it a reality. The Council Plan has 16 themes of which the three current priorities are: support for our communities through economic recession, raise levels of educational achievement and reduce West Berkshire’s carbon footprint.
- 1.6 Other plans developed by the Council which have asset management planning implications include the Housing Strategy, Supporting People Strategy, Waste Strategy, Newbury 2025 – a vision for Newbury Town Centre (The Newbury Vision), individual Service Plans and the Capital Strategy.

1.7 Asset Management Arrangements

- 1.8 The management of property assets is split between the operational service areas and the Property and Public Protection Service. Generally the service departments are responsible for the day to day and strategic management of their own operational property – e.g. schools, libraries, care homes and leisure centres. The Property and Public Protection Service takes responsibility for the Council’s administrative office buildings, the non-operational leased properties and vacant property. However, repair, maintenance and small building projects for all properties are routed through the Property and Public Protection Service. Large or complex building projects are undertaken by the Special Projects team. The Education Service Asset Management team manage the school buildings portfolio.
- 1.9 The Council’s arrangements for management of all corporate property assets are steered by the Capital Strategy Group, which is a cross service, senior management forum to discuss property and capital matters. Matters specifically relating to property assets are considered by the Asset Strategy Group which is a sub group of the Capital Strategy Group. Heads of Service are entitled to attend the meetings of the Asset Strategy Group, enabling them to make their property needs known and for Property Services to help them to achieve their Service Plan objectives where this has property implications. The Group also provides a forum to help maximise opportunities for co-ordinated property provision and inform the Head of Property and Public Protection of key policies that may impact upon disposal options. Recommendations from the Capital Strategy Group are referred where appropriate, on to the Corporate Board, Management Board and the Executive. The Executive member who has specific responsibility for the Council’s property resource is the Portfolio member for Finance.
- 1.10 The Services take responsibility for effecting any changes to the property they occupy but the decision for property matters such as capital expenditure, sales, leases, property sharing and purchase of new property are corporate led and routed through the Asset Strategy Group. The Asset Strategy Group has the following principal functions:-
- Responsibility for prioritising and allocation of expenditure on maintenance in accordance with condition survey information plus other criteria to be established.
 - Consideration of total accommodation against service needs and the justification for the Council holding the properties based on suitability, condition and cost.
 - Consideration of proposals to acquire, lease and dispose of properties.
 - Consideration of other property issues involving expenditure outside the annual budget by way of a business case submitted by the occupying Service.
- 1.11 The Services need to submit a business case to the Asset Strategy Group describing the proposal, what savings or income it will generate, how it will meet service requirements as described in the service plan and, if expenditure is required, which budget is identified for that cost. The Asset Strategy Group will have the authority to decide whether the business

cases put forward by the Services to support the requests will be approved and the decisions reported to the Capital Group.

- 1.12 It is not proposed that the planned maintenance programme will be dealt with by the submission of business cases for each individual project but the Asset Strategy Group can have input into agreeing the programme for the following financial year. The planned maintenance programme for each service area is generated annually from the database that holds information on the condition of assets and the available funds are allocated as a proportion of priority 1 repairs as a total of the whole. The priority 1 repairs are identified in the condition surveys which are updated on a rolling basis. The programme will therefore be based on the needs of the property and will be interlaced with any routine requirements due in the next 5 years, eg electrical testing and statutory tests.

1.13 Current Property Portfolio

- 1.14 The Council's property holdings as at 31 March 2010 were as follows;

Service Department	Number of property holdings	Value*
Community Services	83	£17.7m
Children and Young People (includes Education)	140	£208 m
Environment	132	£13.3m
Chief Executive's Directorate	77	£30.3m
Grand Total	437	£269.3m

**The value of the property is based on accounting criteria and does not necessarily reflect open market value.*

- 1.14 The Council's properties have been acquired over time in a piecemeal way and as a result of local government re-organisation and developer contributions as part of the planning process, meaning that the properties do not always meet current business needs.

2.0 Section 2 – Asset Strategy

- 2.1 The RICS 2008 Public Sector Asset Management Guidelines indicates “strategic asset management is the activity that seeks to align the asset base with the organisation's corporate goals and objectives. It ensures that the land and building asset base of an organisation is optimally structured in the best corporate interest of the organisation”.
- 2.2 The reason for the Council holding land and buildings is to support service delivery either directly through the provision of accommodation for the frontline services – such as schools, libraries, car parks and open space, or indirectly through the back office function housed in the administrative offices.
- 2.3 There are several demands on the Council's land and buildings which can often be conflicting – for example local authorities are expected to reduce the size of their estates in

order to raise capital and reduce expenditure, whilst at the same time transferring assets to partners and the local community in order to permit them to achieve local objectives. Therefore, decisions will need to be made on a case by case basis in order to fulfil the most pressing objective at the time.

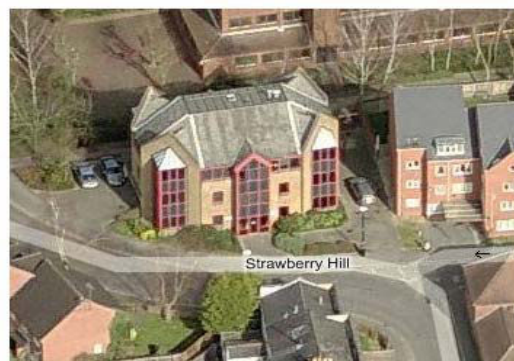
2.4 At a strategic level the principal aims and objectives of the Council management of its property assets are:

- Treat property as a valuable resource and to ensure that the value of the assets is protected, by optimising rental and capital return and effective expenditure control to ensure that value for money is obtained.
- Ensure efficient, effective and sustainable use of land and buildings.
- Use assets to contribute to the process of service improvement, with the creation of new ideas and working practices to help solve service issues.
- Ensure that the Council complies with its statutory obligations pertaining to property.
- Rationalise the use of land and buildings and establish criteria for retaining, disposing of and acquiring property using the asset challenge methodology described later.
- Utilise property in support of the Council Plan and corporate priorities.
- Support the Capital Programme through targeted asset disposal.
- Pursue partnership working and co-location opportunities.
- Effective and efficient management of the property assets.
- Enable easy public access to the Council's building and services.

2.5 The Council's properties can be broadly split into operational, non-operational and vacant. Consequently the strategic aims and objectives listed above can be reined to those categories as follows:

2.6 Operational Portfolio Strategy

2.7 Operational property is the property occupied by or on behalf of the Council for the direct delivery of its services. For example, the Council occupies office buildings and community schools and provides the services itself. Outsourced functions such as sports centres, waste collection and some community care buildings are occupied by organisations providing services on the Council's behalf but still count as operational property.



West Point House

2.8 The strategic aims for the Council's operational property are:

- To support front line service delivery.
- To provide fit for purpose buildings.
- To reduce cost.
- To have a lean portfolio.
- To exploit sharing opportunities with other public sector organisations.
- To consider opportunities for urban or rural regeneration using Council property as a catalyst.

2.9 These aims will support the priorities within the following Council plan themes:

- Cleaner and greener.
- Value for money.
- Putting customers first.
- Effective people.
- Including everyone.
- Thriving Town Centres.
- Successful schools and Learning

2.10 The actions to implement the strategy and deliver the priorities are:

- Property reviews.
- Implementation of the Office Accommodation Strategy to deliver a reduction in administrative office space and to promote flexible working with a commensurate cost saving.
- Reduction in building running costs, for example, by the use of cheaper energy tariffs, new approaches to maintenance, a targeted planned maintenance programme to reduce the percentage of reactive maintenance, use of term contractors and the appeal of rating assessments.
- Condition surveys to monitor the state of the Council's property.
- Promotion and active seeking of opportunities to share public buildings and facilities with partner organisations.
- Disposal of surplus properties where appropriate.
- Acquisition of properties if the need cannot be met by property already owned.
- Capital expenditure on buildings to provide fit for purpose buildings where it is cost effective to do so.
- The use of option appraisal in decision making.
- Implementation of the Newbury Vision.

2.11 Non-operational Portfolio Strategy

2.12 Non-operational property is that property in which the Authority has legitimate ownership or user rights, either freehold or leasehold, but is not being used to meet service needs, i.e. is not being used for operational reasons and is either let to third parties or is surplus to requirements. The non-operational investment properties are also known as Tenanted Non-Residential Properties (TNRP) and examples are the London Road Industrial Estate (LRIE) in Newbury and the Kennet Enterprise Centre, Hungerford (KEC).

Kennet Enterprise Centre



2.13 The strategic aims for the Councils non-operational property are:

- To extract maximum income.
- To review the cost effectiveness of the portfolio.
- To support use by the third sector where a benefit to the community will be achieved.
- To consider opportunities for regeneration using Council property as a catalyst.

2.14 These aims will support the priorities within the following Council plan themes

- Value for money.
- Thriving Town Centres.
- Vibrant Villages.
- Excellent performance management.

2.15 The actions to implement the strategy and deliver the priorities are:

- Collection of rent and the instigation of pursuing debtors in a timely manner.
- Implementing rental increases under the lease agreements.
- Taking the opportunities as they arise to extract value from changes in lease terms.
- Re-letting of vacant properties as soon as practicable.
- Preparation of a strategic document for the regeneration of the London Road Industrial Estate.
- Property review and challenge.
- Disposals or alternative uses for under performing properties.

2.16 Disposals and Acquisitions Strategy

2.17 The Council will seek to minimise vacant and non-productive property within its portfolio and will consider options for other uses, either an alternative use by another service or partner organisation or a sale or lease to a third party.



The Priory – sold December 2009

2.18 Although the Council owns a number of properties there will be occasions where the Council owns no property which is suitable for a particular use and so property will need to be acquired. However, property acquisition will only be considered where it addresses a corporate objective.

2.19 The Council's strategic aims for disposal and acquisition of property are:

- To seek a lean portfolio.
- To use its property to support regeneration projects.
- To use its property to support the supply of affordable or special needs housing.
- To obtain or seek best price.
- To acquire fit for purpose properties for operational purposes.
- Not to buy property solely for rental income purposes.

2.20 These aims will support the priorities within the following Council plan themes:

- Value for money.
- Thriving town centres.
- Affordable Housing.
- Successful schools and learning.
- Protecting vulnerable people.

2.21 The actions to implement the strategy and deliver the priorities are:

- Review the properties to assess suitability, service need and value for money to identify surplus property.
- The preparation and implementation of a disposal programme of surplus assets. The current programme is shown in Table 3.
- Use option appraisal to assist in decision making.
- Disposing of property at best value unless there is an overriding community benefit, in particular the provision of affordable housing and special needs accommodation for vulnerable people.
- Commissioning of a feasibility study for the London Road Industrial Estate regeneration and other Newbury Vision projects.

3.0 Section 3 Performance and delivery

3.1 Performance measurement is the mechanism by which audit, review and improvement are achieved. These are essential elements of asset management and for obtaining value for money which require continuous improvement and measurement and comparison of performance.

3.2 *Data Collection and Performance Measurement*

3.3 An essential element in measuring performance is the availability of reliable and readily accessible information. Property Services has a database, Premise, which records the core information about the Council's properties – for example, its address, size, legal status and leasehold information where appropriate. Collection of condition data for the Council's properties is key to providing a basis for expenditure on maintenance based on need. The condition data is reviewed and updated on a rolling basis. The results of the condition surveys are entered onto the Asset Management database. This database is now outdated and needs revision to meet current and projected needs of the Council, although the information held on the database is still relevant and can be used in conjunction with other sources of data. The provision of new web based system is being investigated and would provide all stakeholders with easy access to property related data. Implementation is expected mid 2011.

3.4 A set of performance indicators, known as NaPPMI (National Property Performance Management Initiative) has been devised by COPROP (The Association of Chief Corporate Property Officers in Local Government). The indicators are not compulsory and Councils use only the indicators which are relevant to their particular circumstances. The indicators which are relevant to West Berkshire Council are shown in table 2 and also how the Council compares with other authorities. Generally the Council is in the second quartile but in the case of required maintenance for priority one repairs the Council is in the 3rd quartile. The measures to address this involve updating of the condition surveys to obtain more up to date and accurate information on the condition of the properties. The condition data will feed into the review process which in turn points towards the future use of the property.

3.5 *Recent achievements*

3.6 Recent property achievements in line with the Asset Management Plan's strategic aims:-

- The purchase and fitting out of the new Porch PRU building at Richmond House.
- The provision of 10 children's centres, which involved the purchase of additional land, taking a surrender of a lease and the construction of new buildings or the refurbishment of existing buildings.
- The provision of supported living for people with learning difficulties or mental health issues at Craven Dene and Fountain Gardens both of which are in partnership with registered social landlords.

- Leasing a warehouse building for use in connection with the museum service whilst the main museum building is undergoing repairs. The new building is being shared with the library service to catalogue books
- The provision of a recycling centre and civic amenity site at Newtown Road.
- The purchase of the site at Padworth for the integrated waste site and the implementation of the preparatory works.
- Completion of phases 1 and 2 of the accommodation strategy and Timelord, resulting in a 25% reduction of office space and phase 3 now underway which will see vacation of Faraday Road offices and thus a further reduction in office space..
- Construction of the Park Way redevelopment

3.7 West Berkshire Council has a good record of partnership working at service level particularly within Community Services. Property sharing opportunities are also taken in line with the stated intention in the strategy. Some examples of working in partnership and property sharing initiatives are as follows:

- Children's Centres. Services directed at families with young children are provided by multi-agency team in buildings provided by the Council in 10 locations across the district.
- Youth Offending Team – a multi-agency team operating from a single building provided by WBC
- Chieveley depot – a highways maintenance depot shared on a long standing arrangement between the Highways agency, West Berkshire Council and Thames Valley Police.

3.8.1 Other examples of partnership working which do not involve property sharing but do involve asset transfer and significant involvement from the Council to move forward projects for the benefit of the local community are:

- The Park Way retail development.
- The cinema
- Working with registered social landlords to provide new extra care home for elderly people at the site of the former Waring House, Thatcham and at The Priory Hungerford
- Pelham House, Craven Dene for supported living for people with learning disabilities.
- Working with the Council's registered social landlord partners to identify strategic sites for affordable housing.

4.0 Section 4 – Property Review and Action Plan

4.1 In order to achieve the aim of a fit for purpose portfolio the properties will need to be reviewed. This can be done as part of service review or by way of an asset challenge survey. Following the reviews the most likely options will be whether the properties should be:

- retained and existing use continued or intensified,
- require investment, including expenditure on maintenance or improvement,
- sold, including a transfer to a community organisation,

- retained and used pending future development opportunity,
- considered for co-location for more than one Council Service or shared with other public sector partners,
- in the case of investment properties, opportunities for lease restructuring.

4.2 Several reviews have taken place at Service level which have a bearing on property needs and show that there is a potential to realign or disinvest of property in order to meet changing requirements. There are some parts of the Council's portfolio which do not reflect corporate need, based on location, suitability or condition, (for example Greenham House, some of the temporary accommodation for homeless families, schools buildings such as The Winchcombe School) and other properties where more efficient use of the buildings is possible (for example the corporate offices).

4.3 Following consultation with Service Heads several properties were identified which require action in order to meet service needs. The table below outlines key activities in relation to property requirements which are to be progressed within the next 12 to 24 months.

Table 1 Action Plan

No.	SUBJECT	ACTIVITY	PROPERTY REVIEW RECOMMENDATION
1	Asset Disposals	To ensure that the disposal programme is achieved.	Dispose of properties identified in the disposal programme
2	Property Review	To undertake property reviews in accordance with service requirements.	To establish options for the future use of the properties
3	Database	Progress the acquisition of a new web based database to support decision making on property investment	
4	Condition surveys	To undertake condition surveys on 5 year rolling programme	To establish the condition of the property stock to feed into the property review process.
5	Office Accommodation Strategy	To continue with the implementation of Phase 3 of the Timelord programme	To release surplus accommodation for other uses or for disposal.
6	Newbury Town Centre Vision		
6a	<ul style="list-style-type: none"> • Market Street Development 	Housing and transport scheme to be provided jointly by WBC, Network Rail and developer.	Retain affected properties until required for future development.
	<ul style="list-style-type: none"> • Victoria 	To consider the provision of	Retain affected properties

No.	SUBJECT	ACTIVITY	PROPERTY REVIEW RECOMMENDATION
6b	<p>Park/The Wharf</p> <ul style="list-style-type: none"> London Road Industrial Estate 	<p>a pavilion in the park and associated works. Develop a strategy for the future development of the site.</p>	<p>until required for future development. Continue to manage the investment properties and take opportunities for growth where they are not incompatible with the strategy.</p>
7	Supported and affordable housing.	To make use of the Council's land and buildings to assist partner organisations in the delivery of supported and affordable housing.	Disposal of surplus properties or partnership schemes.
8	Buildings on Greenham Common	Three buildings on Greenham Common, two in use by Council Services and one is vacant and in need of investment.	Continue and intensify the use of the warehouse buildings with an aim of finding more suitable accommodation for the museum store. Former Control Tower to be brought into beneficial use.
9	Greenham locality project	Greenham Court Community Centre currently under utilised and in need of investment.	To transfer the community buildings under the community transfer of property guidelines.
10	York House and Greenham House	Two offices occupied by Children's Services.	Co-location of both teams into a single building and dispose of surplus accommodation.
11	Taceham House	Vacant block of flats no longer suitable for operational use.	Dispose or joint venture to enable the provision of affordable housing.
12	Youth Services	Undertake a review as to provision of youth services and see if a rationalisation could produce property cost savings or income.	May result in disposal of surplus property and better utilisation of existing property.
13	Public conveniences	Review the current supply to see if property cost savings could be made.	May result in closure or transfer of property.

No.	SUBJECT	ACTIVITY	PROPERTY REVIEW RECOMMENDATION
14	Investment property	Undertake a financial appraisal of the Council's investment property to see if it is a good investment.	Will result in decision whether to sell or retain all or part of the Council's investment properties.
15	Newbury Museum	Continue to pursue opportunities to obtain funding to secure the future of the museum.	Retain use once funding is secured.
16	Adult Social Care	A review of the provision of adult social care.	May result in opportunities to release property for other uses or continued use for existing purpose.
17	Winchcombe School	Possible rebuild subject to government funding.	School to be extended once funding is found.

Table 2 Property Performance Indicators

Ref no	Performance Indicator	2008/09	Comparison with other LAs (based on data provided to CIPFA Property by subscribers)
1Bi	Required maintenance expressed as a total cost in priority level 1* ¹ Schools	£5.9 m	3 rd quartile
	Required maintenance expressed as a total cost in priority level 1* Other property	£2.15m	3 rd quartile
	Required maintenance expressed as a total cost in priority level 2* ¹ Schools	£5.61m	1 st quartile
	Required maintenance expressed as a total cost in priority level 2* ¹ Other property	£2.32m	2 nd quartile
	Required maintenance expressed as a total cost in priority level 3* ¹ Schools	£5.96m	1 st quartile
	Required maintenance expressed as a total cost in priority level 3* ¹ Other property	£2.96m	2 nd quartile
1Bii	Required maintenance by cost as % in priority level 1* ¹ Schools	34%	4 th quartile
	Required maintenance by cost as % in priority level 1* ¹ Other property	29%	4 th quartile
	Required maintenance by cost as % in priority level 2* ¹ Schools	32%	2 nd quartile
	Required maintenance by cost as % in priority level 2* ¹ Other property	31%	2 nd quartile
	Required maintenance by cost as % in priority level 3* ¹ Schools	34%	2 nd quartile
	Required maintenance by cost as % in priority level 3* ¹ Other property	40%	2 nd quartile
1Biii	Required maintenance as a total cost – all properties	£24.9 m	2 nd quartile
	Required maintenance as an overall cost per square metre GIA* ² - all properties	£111 psm	3 rd quartile
1C	Annual percentage change to total required maintenance figure over previous year.	No change	3 rd quartile

Ref no	Performance Indicator	2008/09	Comparison with other LAs (based on data provided to CIPFA Property by subscribers)
1Di	Total spend on maintenance – all properties	£2.1 m	2 nd quartile
1Dii	Total spend on maintenance per square metre (psm) GIA – all properties	£12.05 psm	2 nd quartile
2A	Energy consumption:- £ per square metre GIA – all properties	£12.62	2 nd quartile
2B	Water costs:- £ per square metre GIA - all properties	£1.21	2 nd quartile
3A	% of portfolio by GIA sq m for which a suitability survey has been undertaken – all properties	74%	2 nd quartile
3B	Number of properties for which a suitability survey has been undertaken - all properties	97	2 nd quartile

Definitions used in National Property Performance Indicators

- *1
- | | |
|------------------|--|
| Priority level 1 | Urgent works that will prevent immediate closure of premises and/or address an immediate high risk to the health and safety of the occupants and/or remedy a serious breach of legislation. |
| Priority level 2 | Essential work required within 2 years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of the occupants and/or remedy a minor breach of legislation. |
| Priority level 3 | Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of the occupants and/or remedy a minor breach of legislation. |
- *2
- | | |
|-----|--|
| GIA | Gross internal area - the area of a building measured to the internal face of the perimeter wall for each floor level. |
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Table 3 - Asset Disposal Programme 2010 to 2013

Site	Comments
Site of former Newbury Day Centre, Newbury	Value may be influenced by intangible benefits in relation to social housing and supported living.
Greenham House, Newbury	Timing depends upon finding alternative accommodation for the occupiers.
Control Tower, Greenham Common	Alternative uses to be considered
Trinity School - Love Lane Site	Either negotiate with former owner under Crichel Down rules or put on the open market.
41 Newtown Road, Newbury	If not suitable for alternative use for WBC purposes then it may be sold.
York House, Andover Road	Timing depends upon finding alternative accommodation for the occupiers.
Taceham House	Block of flats formerly used as temporary accommodation
Venture Fair	Residential property
Timing to be determined	
Various property at Market Street, Newbury	Depends on progress of Newbury Vision.
Waterside Centre, and The Wharf car parks Newbury	Part of the Wharf redevelopment of the Newbury Vision. Timing depends upon progress of The Vision and finding alternative accommodation for current users at Waterside.
Pound Lane Depot	Property to be sold upon completion of the works at the Padworth Waste site if not required for other purposes
Council Offices Faraday Road	Depends upon the staff relocating to Market Street and the outcome of the feasibility study for London Road Industrial Estate.