

## **PROPERTY PERFORMANCE MANAGEMENT**

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### **1. EXECUTIVE SUMMARY**

- 1.1 On the 5<sup>th</sup> February 2009, Cabinet considered a report on Comprehensive Performance Assessment (CPA) Use of Resources for 2008. This indicated that a score of 3 had been achieved overall for "Use of Resources" which includes Asset Management. This report updates members on a number of Asset Management issues, relating to Managing Resources assessment.

### **2. Background**

- 2.1 This report addresses the action, which has been taken in relation to section 3.2, Managing Resources Key Line of Enquiry, (KLOE) focus, "Does the organisation manage its assets effectively to help deliver its strategic priorities and service needs?".
- 2.2 In its 2008 review of the Council's Use of Resources, the Audit Commission accepted that "The Council manages its asset base adequately". It went on to say: "The Capital Strategy and guidance were kept up to date and approved by Cabinet during the year and again in July 2008 when they were updated in line with the new corporate priorities. The Capital Strategy is also better linked to the updated MTFP and Asset Management Plan (AMP) and is based on an up to date asset register as well as taking into account planned maintenance. The Council has a designated property function and is strengthening capacity with the reorganisation of asset management under a new asset manager and Head of assets." Also "The strategic asset review is now underway and regular reporting to members continues".
- 2.3 The Audit Commission scored this KLOE at 2, although the overall score for use of resources was increased from 2 to 3.
- 2.4 The Council's Asset Management Plan, 2008-11, together with its associated Action Plan was approved by Cabinet on 23rd July 2008.
- 2.5 On 5<sup>th</sup> November 2009, a new Corporate Plan was agreed by Cabinet which identified the issue "to improve the use of the Council's land & assets" as a key priority in 2009/10.
- 2.6 The Asset Management Plan/Capital Strategy are reviewed annually and relevant areas will be updated as part of those reviews. This will include the Property Performance Indicators established to improve the management and monitoring of the performance of the Council's assets.

### 3. CAA - Assessment Criteria

- 3.1 The change from CPA to Comprehensive Area Assessment (CAA) will “raise the bar” in terms of Central Government’s expectations for Managing Resources. The overall question is “**How well does the organisation manage its natural resources, physical assets, and people to meet current and future needs and deliver value for money?**”.
- 3.2 There are 2 areas of focus under Key Lines of Enquiry (KLOE) 3.1 “***Is the organisation making effective use of natural resources?***” and 3.2. “***Does the organisation manage its resources effectively to help deliver its strategic priorities and service needs?***”
- 3.3 KLOE focus 3.1 is that the organisation :
- 3.3.1. “***understands and can quantify the use of natural resources and can identify the main influencing factors.***”
  - 3.3.2. “***manages performance to reduce its impact on the environment: and***
  - 3.3.3. “***manages the environmental risk it faces, working effectively with partners***”
- 3.4 KLOE focus 3.2 is that the organisation :
- 3.4.1. “***has a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes.***”
  - 3.4.2 “***manages its asset base to ensure that assets are fit for purpose and provide value for money***”: and
  - 3.4.3. “***works with partners and community groups to maximise the use of its assets for the benefit of the local community***”

### 4 Matters in hand to address the KLOE’s

- 4.1 The Council is making substantial progress in the area relevant to **KLOE focus 3.1**, particularly reduction of the Council’s Carbon Footprint, as set out below.
- 4.1.1. Earlier this year staff and Members achieved the Council target to reduce its CO<sub>2</sub> emissions by 20% before 2010. As we all need to continue to reduce our emissions the Council has adopted the CRed community carbon reduction programmes target of a 60% reduction by 2025 and at the same time obtain the benefits from reduced energy bills.
- 4.1.2. A Council-wide Energy Awareness campaign has been launched to encourage staff to take simple steps, which collectively will help to reduce their emissions of carbon dioxide. The awareness campaign and the recruitment of local energy champions provides help and support for staff to encourage them to manage their energy consumption both at work and at home. It builds on some of the many

measures the Council has already put in place to reduce the borough's carbon footprint.

4.1.3. The Investment in Energy Efficiency Programme continues to reduce the Council's CO2 emissions. Progress was reported to Cabinet in September 2008 and a further update report will go to Environment O&S in April 2008. The Water Efficiency Scheme and BEMs phases 2 & 3 are now complete and operational.

4.1.4. On the 28 Jan 2009 Employment & Appointments Committee approved the establishment of the Climate Change Officer and Sustainability (Cred) Liaison Officer posts in the Sustainability Unit within the Department of Law, H.R. and Asset Management. The posts will shortly be advertised and it is hoped to have these posts filled by July 2009. These officers will drive improved working with Businesses and the Community to raise awareness of the urgent need to reduce Wirral's Carbon footprint, to take action to reduce Carbon emissions and to sign up to the CRed community carbon reduction programme.

4.1.5. The two recently appointed Energy Awareness officers have been implementing the Awareness programme over the last 3 months. Progress on the Awareness Campaign was reported to Environment O&S Committee on 28 Jan 09, and includes the following outputs :

1. Development of the Energy Awareness Campaign Strategy.
2. Launch events at 7 municipal buildings in November 08 visited by 850 staff.
3. Poster Campaign.
4. Staff survey for initial benchmark undertaken.
5. Site visits.
6. Energy Champion Recruitment & Training (out of an initial target of 30, to date 26 members of staff have been recruited).
7. Deliver School workshops.

4.1.6. As part of the work of the Nottingham Declaration Working Group, we launched our co-funded poster campaign with our partners Wirral PCT and Cheshire and Wirral Partnership NHS Trust in November 2008 to coincide with Energy Saving week. A formal media launch with the C Exec officers of each organisation is planned for Spring 2009.

## 4.2 **Challenges remaining:**

4.2.1. Energy costs have risen significantly over the last 12-18 months and are likely to add around 3.5 million pounds to the Council's annual expenditure.

4.2.2. A large part of the authority's energy consumption is buildings related and therefore the energy investment programme will align with the authority's Strategic Asset Review. Energy conservation is a key consideration during the current Strategic Asset Review (SAR) of all the Council's buildings. A number of IEEP phase 2 projects are on hold awaiting the outcome of the SAR. Officers are beginning to detail the SAR programme of works required and this will enable energy investment work to proceed on the buildings that are being retained.

#### 4.3 Further Improvements:

4.3.1. Preparations are being made to take part in the government's Carbon Reduction Commitment scheme (CRC) which is expected to assist in further carbon reductions. An update on the implementation of the CRC was reported to Environment O&S Committee on 28 Jan 09 and will be reported to Cabinet on 19 March 09.

4.3.2. IEEP phase 3 is being progressed with the roll-out of further Street Lighting efficiency measures and the introduction later this year of Automatic Meter Reading Systems, which will also provide financial benefits when the CRC is introduced in 2010.

4.3.3. Display Energy Certificates are being produced for 158 sites. A greater number of sites than expected are producing above average results.

#### 4.4 Strategic Asset Review

4.4.1. The Strategic Asset Review (SAR), is fundamental to the KLOE 3.2 area of focus. As mentioned in paragraph 2.2 above, Cabinet will be aware of various reports on the subject, the most recent being 15<sup>th</sup> January 2009. (Minute 325 refers.) The SAR is fundamental to challenging the way services are delivered and the Council's use of buildings. It is anticipated that, as the SAR is progressed, the concentration of services into delivery "hubs" will effect reductions in costs by reducing the number and areas of buildings occupied together with higher standards of energy use in those remaining, or their replacements.

4.4.2. The Office Accommodation Strategy, Community Asset Transfer Policy and Disposal Policy are all linked to the SAR, as part of the drive to review and challenge the current use of buildings. These items are the subject of a separate report to Cabinet.

### 5. Performance Indicators

5.1 In line with national guidelines for Asset Management, promoted jointly by the Association of Chief Corporate Property Officers (COPROP) and the Royal Institution of Chartered Surveyors (RICS), the Council maintains and is further expanding, a suite of property management performance indicators (PMI's). The Department of Communities and Local Government (DCLG) endorses these guidelines and the Council subscribes through the Institute of Public Finance (IPF) Asset Management Group, to a national benchmarking scheme. The Indicators currently held are:-

5.1.1. **Running costs** - See Appendix 1. This details energy and water use and CO<sup>2</sup> emissions.

5.1.2. **Maintenance backlog** - See Appendix 2. The number of buildings surveyed has been increased from 148 in 2007/08 to 387 in 2008/09. The total maintenance backlog, in respect of structural elements only (not mechanical and electrical) is now approximately £5.8 million. As a rule of thumb guide, where £6 of expenditure is needed on structural repairs, a further £4 is likely to be required to address mechanical and electrical repairs. In the corresponding report of 13 March 2008, the total maintenance backlog figure, including M & E costs, was estimated to be £9.89 million. There are only a handful of additional properties to be surveyed and once that

information is included, the figures now reported will confirm this estimate, based on more detailed and accurate information.

5.1.3. **Disabled access** - See Appendix 3. This indicator has been modified to indicate the proportion of buildings that have reasonable access for disabled people.

5.1.4. **Delivery of capital projects** - See Appendix 4. This measures those projects within 5% of target for delivery, in terms of cost and time. This is a revised indicator and deals with project delivery monitored by the Director of Technical Services

5.1.5. **Return on investment property** - Internal Rate of Return for 07/08 is **13.28%**. This is considered a good rate of return, benchmarked nationally.

5.1.6. **Space utilisation and running costs of assets** - The Council has set a target of **10** square metres per employee for its main administrative buildings.

5.2 These PMI's are being developed and an Action Plan will be produced with the Asset Management Plan in order to improve management, monitoring and performance of the Council's Assets.

5.3 The Council is also a member of an informal benchmarking group facilitated by the North West Branch of the Association of Chief Estates Surveyors (ACES) which is in the process of refining a suite of performance indicators based on the COPROP national indicators, which will be used to compare Local Authority performance on a Regional basis.

## 6. Financial implications

6.1 Use of assets as a resource is an extremely important aspect of the Council's responsibilities. In 2007/08 it achieved through disposals capital receipts of £3,356,169, including its share of Right to Buy receipts. In addition, through challenging of rates assessments, in 2007/08 £513,181 was saved, with ongoing savings for 2008/09 and 2009/10 projected to be £339,604. The Council has set a target to save £3,101,000 in property costs over next financial year with a further £1 million in office accommodation costs.

## 7. Staffing implications

7.1 None

## 8. Equal Opportunities implications

8.1 None

## 9. Community Safety implications

9.1 None

## 10. Local Agenda 21 implications

10.1 The implementation of strategies and the application of new technologies, designed to reduce the Council's Carbon footprint of its buildings, is a key element in delivering successful Asset Management. The reduction in consumption of energy and the modification of buildings to improve their energy efficiency, help to make the Council's asset base more environmentally sustainable.

**11. Planning implications**

11.1 Achieving sustainable development is the core planning objective and strategies for minimising energy consumption and maximising efficiency are encouraged by the Statutory Development Plan.

**12. Anti-poverty implications**

12.1 None

**13. Human Rights implications**

13.1 None

**14. Social Inclusion implications**

14.1 None

**15. Local Member Support implications**

15.1 None

**16. Background Papers**

16.1 The Asset Management Plan, Capital Strategy and Accommodation Strategy.

**17. RECOMMENDATION**

17.1 That the actions taken responding to the issues raised by the Use of Resources Assessment, in respect of Asset Management, be approved.

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(AM/AMN/E0)