Appendix 1

ASSET MANAGEMENT PLAN
2010

Planning for a Smaller, Sustainable

Corporate Estate

AMP 2010 – CONTENTS

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INTRODUCTION

In May 2008 Southwark Council's Executive approved a new asset management plan ("AMP 2008") and policy framework for the efficient stewardship of the authority's property assets.

A key strategic document alongside the Council's other resource policies, AMP 2008 gave clear direction to the management of the asset base centred on rationalisation, affordability, fitness for purpose and sustainability. While the AMP acknowledged the inflexibility and holding costs characteristic of property assets and planned accordingly, it stressed the immense strategic potential of a £3 billion portfolio effectively aligned with the Council's corporate priorities.

The economic upheaval that took hold globally in the remaining months of 2008 and the UK's present economic circumstances has left the objectives of rationalisation, affordability, fitness for purpose and sustainability not only intact, but all the more fundamental to achieving our corporate goals.

This document examines the factors influencing the Council's asset management decision making, the internal and external operating environment for property, service-side demand for assets, lessons learned from performance monitoring, and resource availability. It identifies the preferred options we have chosen to pursue in our asset management planning, and concludes with a review of corporate structures for managing assets. In formulating AMP 2010 we have consulted with members, across all major service areas, with partner agencies, and the executives for key corporate projects.

The headline message from AMP 2010 is that compared to its present configuration the corporate estate must reduce – substantially and soon. In asset management terms although the Council does not expect the process of adjusting to the recently dawned "Age of Austerity" to be a painless one, the change that needs to come is within our capacity to deliver. Although there is much more work to be done, on many levels the transformation has already begun. In fact it is well underway.

EXECUTIVE SUMMARY

Built around the objective of delivering corporate priorities from available resources as efficiently as possible, Southwark Council's 2010 Asset Management Plan (AMP 2010) is a framework for rationalisation across the authority's £3 billion corporate asset base and achieving sustainability in the retained portfolio. The strategic vision for assets is shaped by good estate management practice, escalating property holding costs, and mounting financial pressures on the public sector purse.

AMP 2010's overriding objective is to achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes through review & challenge processes. To do this it is estimated that the size of the estate, excluding schools, dwellings and infrastructure will need to reduce by approximately 30% by floor area in order to balance property holding costs and changing accommodation needs against diminishing budgets, without impacting service delivery or exerting additional pressure on the level of Council Tax.

The Council could decide to take no immediate action, but lead-in times for reconfiguring corporate property portfolios are lengthy and "wait and see" tactics untenable. In the area of statutory compliance in particular there would be exposure to unmanageable risk and a sustainable estate that is affordable would not be achieved. Acting now will provide better options and allow more coherent planning to take place.

The main channels of change will be:

- Concluding the final phase of sales under the Modernise 1 Office Accommodation Project and intensification of use of the Tooley Street administration building;

- Modernise 2 Programme which will transform how the Council's more specialised activities (those that did not readily fit the Tooley Street model) operate and where they are located, and;

- Service based asset strategies supporting innovative ways of delivering services and value

AMP 2010 identifies a number of specific projects within these programmes, together with the active management, acquisition, and disposal processes that will bring them forward. Over the next 10 years an estimated £377 million is programmed to be generated from the sale of surplus properties and those which no longer fulfil the Council's requirements. More immediate savings on running and maintenance costs from the release of approximately 65,000 m2 of operational floor space centred largely on the offices estate .To facilitate the wider programme of change envisaged some reconfiguration of the estate will be necessary, to establish a secondary office base in the central part of the borough.

However, all of the above is just the starting point and should be regarded as setting only the baseline position for additional change. Detailed work with services on specialist assets will be undertaken to identify further asset based efficiencies in support of service delivery, and arising from potential changes in customer service contact strategies. Detailed financial modelling will ensure that the revenue and capital implications of all proposals can be appraised in full and any further reconfiguration of the estate in response can be brought forward as resources and other drivers determine.

The best way to expand alternative channels of service provision are being explored, including the development of a detailed asset management plan for voluntary and community sector assets the Council owns or has an interest in, acknowledging the already significant role played by the third sector and its potential for the future. Work looking at opportunities to share services and buildings with partner agencies and neighbouring local authorities is also underway. This will allow full consideration of the options available before any decisions on changing existing services are made.

The AMP is a key strategic document for the Council, sitting alongside the council's Medium Term Resources Strategy. Change in the political composition of the Borough in May 2010 has meant that some of the new administrations aspirations are still to be fully assimilated in asset management terms and reconciled against the challenging agenda of October's Comprehensive Spending Review announcements, once these are absorbed in terms of service delivery implications.

Defined decision making processes and structures for asset management planning are in place across all parts of the asset base under the lead of the Council's Head of Property. Key programmes and development themes for asset management planning are mapped in the matrix contained in the Asset Strategy section.

SOUTHWARK & THE COUNCIL'S ASSET BASE

Socially, economically and in its heritage Southwark is an incredibly diverse area of inner city South East London. Contextual information about the borough is provided in Appendix 1 by way of background.

How the Council approaches the administration of its area is defined in the borough's Corporate Plan. This explains how commitments made in Southwark 2016 (the Council's sustainable community strategy agreed by the Southwark Alliance) are being delivered. There are six priority themes:

- Places where people love to live
- Everyone achieving their potential
- Promoting healthy and independent living
- Valuing the environment
- Tackling the crimes that concern people the most
- Transforming public services

These themes, extensive regeneration programmes including those for the Elephant & Castle and Aylesbury Estate, and an emphasis on modernising the Council to deliver value for money through organisational efficiencies form the basis from which Service Plans and Resource Plans (including this Asset Management Plan) are developed, activities aligned, and outcomes monitored.

In the May 2010 Local Elections Southwark's administration changed from a Liberal Democrat/Conservative coalition to a Labour majority. We are working with the new administration to assimilate the asset implications of its policies; in particular a renewed commitment to seeing change happen in the centre of the borough, delivering transformational regeneration projects, making every home a warm, dry and safe home, and greater participation in the benefits that economic drivers have brought to the north of the borough.

Preserving excellent front line services will be a priority. Nevertheless, the Labour party has made clear that it aims to be relentless in obtaining value for money from the public sector, finding efficiency savings and eliminating waste. One way in which Southwark might achieve this is by working collaboratively and sharing the use of assets with partner agencies, including the neighbouring boroughs. AMP 2010 mirrors these principles and explains how the asset base will contribute.

The Asset Base – Composition & the Significance of the Office Portfolio

The Council owns 40%+ of all the freehold land within its boundaries. As at 1st April 2009 the value of these property assets was approximately £3 billion.

The composition of the portfolio is shown in Table 1 overleaf. The assets broadly divide into three groups: operational, investment and surplus. Approximately 96% by value (and floor area) is operational property which the Council uses to deliver services, with c.80% of this comprised in housing stock alone. After dwellings and schools the next largest asset class is offices, with more floor space (approximately 112,000 m2) under management than across all the remaining operational asset classes combined. Change here has a large impact in terms of the efficiency of our organisation, potential for revenue savings and capital generation. Therefore the office portfolio has for some years been a key area of focus for the Council's asset management planning.

Strategic Vision & Principles for Management

The nature of the asset base, together with significant inward investment and urban regeneration (particularly in the north of the Borough) provides the Council with an effective strategic position from which to direct investment and decision-making to secure sustainable benefits in line with its corporate objectives.

Deciding which assets our organisation needs is a complex proposition, often driven by major corporate change. It takes time to reach understanding and make decisions. Lead-in times are a significant consideration in bringing about change. Adding or releasing assets from the portfolio, or redeveloping will frequently involve lengthy transactions. Certainly there are few, if any, "quick wins" remaining. Finally, if the assets are to provide value for money they must be well utilised and appropriately maintained.

High-value, illiquidity and cost, make planning for property assets a quite different discipline compared to those for the Council's other key resources i.e. its workforce, information technology and finance, although all are closely inter-related. As a result the principles that underpin our asset management planning are relatively static. They can be summarised in terms of ensuring that the estate:

- Is treated as a corporate resource and managed corporately;
- Supports the delivery of the Corporate Plan and Community Strategy;
- Is well maintained, compliant and fit for purpose (i.e. delivering services);
- Is fully utilised;
- Is suitably located and accessible;
- Is affordable, cost effective and represents a value for money return on the Council's investment.

The Council's fundamental approach to asset management planning and its asset base is set out in a set of High Level Objectives (see Appendix 2), accompanied by corresponding Critical Success Factors (Appendix 3). Together they describe Southwark's overall approach to managing its assets and how this process reconciles the portfolio's vast potential with the organisations needs. **They apply equally to internal business and in relation to third party transactions.**

Asset Performance

Performance information about the estate is provided for ease reference in Appendix 4. The format follows that of the National Property Performance Management Initiative (NaPPMI)

Performance Indicators and may be used for comparison purposes. How we use data about the estate in decision making processes is illustrated throughout the remainder of the AMP.

Table 1: Composition of Portfolio - Summary

Asset Class	Description	Number	Area GIA (m2)	Present Existing Use Valuation
Dwellings	Housing*	39,078	2,540,000	£2,425,000,000
Educational Assets	Education Nurseries	12	11,600	£12,600,000
	Special Schools	8	11,000	£29,700,000
	Primary Schools	47	145,000	£185,000,000
	Secondary Schools	7	53,700	£67,400,000
	Voluntary Aided Secondary Schools	7	42,500	-
	Voluntary Aided Primary Schools	24	38,900	-
Other Operational Land & Buildings	Off Street Car Parks/Park and Ride	11	-	£12,200,000
	Property used for or in direct support of residential activities	8,100	-	£39,400,000
	Offices, administrative buildings and land associated with administrative buildings**	67	112,000	£170,000,000
	Sports centres and pools	11	29,400	£30,500,000
	Residential homes and day centres	27	16,750	£16,400,000
	Libraries	11	10,000	£18,800,000
	Other educational establishments	1	2,400	£585,000
	Cemeteries and Crematoria (buildings only)	1	1,100	£1,150,000
	Museums and galleries	2	1,000	£400,000
	Other housing (HRA) property and non-HRA housing	18	9,000	£19,000,000
Community Assets	Parks	113	-	£31,600,000

Non-operational Assets* **	Industrial property	21	24,000	£13,500,000
	Shops on housing estates	93	6,000	£4,800,000
	Retail units	458	34,500	£46,400,000
	Other Income Generating Non operational Assets	511	-	£34,700,000
	Workshops third party use	72	36,000	£4,800,000

Surplus Property	Property released by a service and awaiting alternative use	-	-	£2,200,000
	Buildings declared surplus:	12		£17,100,000
	Land declared surplus assets	100	-	£105,200,000

Notes: *Dwellings number excludes c.15,000 leaseholds sold through the Right to Buy scheme. ** The value reported for the offices estate reflects the opportunity cost to the Council of the space it occupies and includes a notional value for leasehold assets. It does not reflect the figure the assets could be sold for. *** Income generating non operational assets exclude a number of low value assets and rights over land with annual rentals falling below de minimis amounts.

PRESSURES FOR A 30% SMALLER OPERATIONAL ESTATE

Although complex, the operating environment for our assets and how we use them is easily appraised for the purposes of AMP 2010. The need to pay off public debt, government policy, economic and environmental imperatives leave no doubt that pressure on public finances and property holding costs is mounting on a scale not seen in decades. HM Treasury's "Operational Efficiency Programme" publication in 2009, Audit Commission guidance (e.g. "Room for Improvement" (2009)) and inspections, initiatives such as Total Place, the Carbon Reduction Commitment, and others add detail and signal the way ahead.

Meanwhile the escalating cost of holding assets that are not, or cannot, be used in a way that maximises service returns, or income, is a powerful driver towards disposal and seeking out alternative accommodation solutions.

None of the above is to say that there is any less commitment to providing public services; the demand for which is inevitably growing in the prevailing economic climate. However, in the future these services will need to demonstrate better value, re-engineer and consolidate (internally and by cross-agency collaboration) to be sustained, reallocate resources from back-office to front line activities, and do all of the above in the context of a tightening environmental regime. For services the emphasis has shifted from how they can be improved, to how they can continue to be tenable.

Comprehensive Spending Review 2010

In its October 2010 Comprehensive Spending Review (CSR) government determined that local government funding would be cut by 28% over the next four years through to 2014/15. The detailed implications of the measures in the Chancellor's statement will become clearer during the remaining months of this financial year (2010/11). This includes the culmination of pivotal studies such as the review of capital investment in schools and other educational facilities launched by the government in August 2010 and expected to report in December.

For the Council the impacts will be seen in the coming years in terms of service delivery, local residents, businesses and visitors. A secondary set of considerations arise for our asset management planning in relation to how property markets, which inevitably provide the back drop for our asset management planning, will be impacted. A potentially depressant effect on commercial and the housing markets is anticipated.

On a more positive note the financial constraints were accompanied by the indication of additional freedoms on how local authorities do business, with simper funding and greater choice including the removal of government revenue grant ring fencing arrangements. A government White Paper is expected on Tax Increment Financing (allowing key projects to be funded from borrowing against future increases in locally collected business rates.

Governments "Big Society" agenda featured prominently in the announcements. The coalition is to look closely "at setting proportions of appropriate services across the public sector" that should be delivered by independent providers such as the voluntary and community sectors and social and private enterprises, facilitated by asset transfer and other mechanisms where viable. Funding will be provided to support capacity building within the VCS. A “Reform” White Paper is expected to set out details in early 2011.

Resources Position

Budget savings across the Council are currently set 10%, 7.5% and 7.5% for the next three years. The Council is assessing the implications of the CSR announcements and this may cause more challenging levels to be set. A decision on the budget for 2011/12 will be made in January / February 2011. In asset management planning terms the Council is already clear that supporting the necessary service-side transformation will mean rationalising the estate, reducing revenue spend, releasing capital (property is by its nature an expensive resource to hold, but also a valuable one when an appropriate exit point is selected), ensuring that what we decide to retain is appropriate to the needs of a modern organisation and can be sustainably managed. This is AMP 2010’s mandate.

In practical terms the resources position based on the Council’s Medium Term Resources Strategy and detailed Facilities Management data about the cost and condition of the existing property holdings tells us that the operational estate (excluding schools and housing stock) needs to reduce by approximately 30% through an accelerated programme. Because of its size, running cost and use across all service areas, much of the focus will be on our offices estate, although other asset holdings will also contribute.

The Council’s estate and those across the public sector (including those of our operating partners) will emerge very significantly altered. If we do not drive the change process it is likely to be be imposed, and not necessarily in ways that are consistent with managing our corporate objectives. Faced with the simple choice of whether to drive change or be drawn along in its wake, AMP 2010 explains how Southwark Council will deploy its asset base to meet the challenge ahead.

HOLDING COSTS, THE RESOURCE GAP & RATIONALISATION

Step changes since AMP 2008 across all our Corporate Facilities Management arrangements have brought about the centralisation of expertise and budgets, and use of corporate contract arrangements. In 2009/10 the Council began to resurvey the condition of its core operational premises. Once completed and analysed the data collected will form the basis of a new fully costed and prioritised planned maintenance programme for the assets we decide to retain. The programme will be managed by the Council's Corporate facilities Management Team (now reporting directly to the Director of Finance and Resources, reflecting the substantial level of resources committed).

The survey results to date (which exclude schools and dwellings), cover approximately 140 assets, indicate that the estate has generally been maintained to a basic standard and there are now unavoidable requirements to increase expenditure. The pressures arise from a need to ensure that asset values are not impaired through poor repair, services delivery is facilitated through the availability of fit for purpose buildings, and most pressingly, that the Council's premises are safe and compliant with legislation:

Table 2: Repair & Maintenance Cost Projections 2010-2014

Element	**Total Spend 2010 - 2014 Including Maintenance Backlog**
Building Fabric	£9,200,000
Internal Finishes	£6,100,000
Mechanical Services	£9,900,000
Electrical Services	£13,700,000
External Works & Services	£600,000
Total for Surveyed Properties	£39,500,000
Projection for Non-Surveyed Properties	£33,400,000
Land, Playgrounds etc.	£1,500,000
Total PPM Cost Projection	**£74,400,000**
Estimated Maintenance / Compliance Allowance £7per m²	£8,700,000
Estimated Day to Day Repairs Allowance £12 per m²	£15,000,000
Forecast Cost of 5 Year Programme	**£98,100,000**

Projections based on the new surveys put the cost of fully maintaining the estate and ensuring its compliance over the next 5 years at £98.1 million, including a maintenance backlog of £10.5 million. The figures substantially exceed current levels of expenditure and available budgets, even before the additional financial pressures to achieve accelerated savings are taken into account.

Analysed over a five year period the repairing liability breaks back to approximately £90 per m2. This is significantly more than benchmark figures for modern, well maintained buildings and reflects the age, condition and limited investment to date across the majority of the estate.

Bridging Gap – Buildings or Services?

In short the Council does not have enough money to run its operational estate at existing levels without impacting services and staffing levels (which in any event it expects to see reduce significantly over the life of this Asset Management Plan). The position is not expected to improve. It may deteriorate further.

The repairing deficit is not bridgeable from existing budgets. It is possible to defer some costs such as decoration, and to a lesser degree on building services by rescheduling when works are undertaken. However, this will cause higher levels of spend on day to day maintenance as ageing services are kept ticking over, or impair building utility and asset value. Other heads of expenditure such as achieving statutory compliance across the estate are not negotiable and must be fully factored in. Therefore the effects of reprogramming are unlikely to make sufficient inroads into the shortfall.

The options available to the Council are threefold. The first - to do nothing - is not considered viable, since the authority would be exposed to unmanageable risks as buildings progressively fail to comply with the escalating body of owner-occupier legislation. Similarly, increasing expenditure on assets could only be achieved by diverting finite resources away from core service areas or by increasing the Council Tax beyond inflationary levels. The Council would not wish to pursue either option in the present financial environment at a time when demand for services is increasing, and funding options are diminishing.

Therefore the option we are pursuing is to work closely across all service areas as they adjust to the new spending environment, to reduce the size of the operational estate where this will achieve efficiency, reduce revenue spend or generate capital. The significance of the office estate in bringing about savings across the portfolio has been emphasised previously. Strategies in implementation (Modernise 1) and planning (Modernise 2 Programme) with an emphasis on central and local administration activities will contribute significantly to this objective. Detailed asset management planning with departments will develop the process with regard to more specialised assets as services adjust to the new spending regime.

Rationalising the Estate

The change required will be considerable, with in the region of 30% of operational assets being released over the next four years as a starting point. Even at this level there would still be a shortfall between the spending requirement for maintenance and budgets available. This would be reduced by curtailing liabilities (including Business rates, utilities, insurance, etc) on buildings disposed of.

To reduce our overall holdings, deal with some locational mismatch, and maintain facilities in key locations, the office estate will need to be reconfigured through the addition of approximately 4,000 – 5,000 m2 of new accommodation situated mainly in the centre of the borough. The detailed financial case, including funding requirements, is dealt with in the Office Accommodation Strategy.

ASSET STRATEGY

Our approach to the management and rationalisation of the estate can be summarised by reference to four main programmes and three core asset activities:

- Office Accommodation Strategy
- Modernise 2 Programme
- Service Based Asset Management Planning for Specialist Assets
- Investment & Asset Creation through Regeneration
- Disposal
- Acquisition
- Active Management to Increase Efficiency of Retained Assets

Each of the programmes is considered in greater detail below and summarised in the Asset Management Planning Matrix at the end of this section. Detailed arrangements for disposal, acquisition and management were covered in AMP 2008 and the accompanying report to Executive, and the principles are communicated throughout the Council through the Business Managers Handbook.

The Matrix identifies actions we will take in relation to specific assets, their programming and financial implications, and the development of asset management planning generally. Much of the underlying information is commercially sensitive information and will not be disclosed externally. Information about disposals feeds into a 10 year capital monitor, aligned to the Councils capital requirements set out in the Medium Term Resources Strategy.

For reasons explained previously the emphasis will be on the offices estate. In November 2010 the Cabinet resolved to bring forward the next phase of modernisation across this part of the portfolio, including the sale of the Council's former Town Hall buildings, and further rationalisation and reconfiguration of the estate.

Leasehold Assets

The Council will continue in its programme of withdrawing from all leasehold premises where it is appropriate to do so, as part of a long term plan to eliminate the revenue costs and relative inflexibility of leasehold occupation except where priority accommodation requirements can only be fulfilled by taking a lease of premises, i.e. in the absence of a solution from within the existing estate which represents value for money and is compatible with our wider asset management planning. As part of the surrender process landlords may be entitled to claim capital payments for dilapidations and these liabilities are assessed with a view to making provision against capital income.

Office Accommodation Strategy

By mid-2009 the Council had moved 2,000+ back-office staff from various locations to an efficient new leasehold building in Tooley Street.

The move to Tooley Street created a platform for organisational efficiency, and provided the capacity to reorganise asset allocation. Office buildings that no longer meet our criteria for office accommodation, appraised on the basis of quality, location, sustainability and cost are being sold (and leaseholds surrendered) or being brought up to standard and reused to create disposal opportunities elsewhere in the estate.

This represented a fundamental shift in how the Council uses office space. As a result Utilisation improved drastically from approximately 16 m2 per workstation to 10 m2 across 1,750 desk spaces. The efficient and effective platform which Tooley Street provides for modern ways of working has improved the ratio of workstations to staff from in excess of 9:10 to 8:10, with some departments working at 6:10. 1,750 workstations accommodate in excess of 2,250 staff with an average space allocation of 8.3 m2 per person.

Now that the building is fully operational and new ways of working are embedded we have undertaken an audit of work practices and building utilisation. The results showed clear scope to increase the utilisation of the building by a further 20% and planning is underway for an early “restacking” of the accommodation to bring in staff from other buildings that can then be reused or sold according to option appraisal outcomes.

A final tranche of disposals from the programme is planned to complete this financial year. The approach to the Council’s three town hall buildings (31 Peckham Road, 19 Spa Road and 151 Walworth Road) has been confirmed thorough the Modernise 2 programme, which considered the business case for these assets and resolved that they should be sold (subject to leasing back of parts of some of the buildings).

Contingency Planning for Shared Accommodation at Tooley Street

As part of its strategy for joint working with partner organisations and ensuring the efficient use of the building, the Council has entered into an agreement with the Primary Care Trust (PCT) for their use of part of Tooley Street. The White Paper “Equity and Excellence: Liberating the NHS” published in July has launched a fundamental review of the NHS, with shadow GP consortia groups to be established by 2011 and PCT’s dissolved by 2013.

Our working assumption is that functions transferring to the council, such as Public Health, will remain in place, an element of this space will be returned to the council’s spare accommodation pool and will be available for projects such as an expanded in-house telephone call centre or relocation of client services from the Cottons Centre.

The release of the 160 desks concerned would give the Council capacity to move in an additional 200 staff at an 8:10 desk to staff ratio (this is in addition to the 350 current target for additional staff to be brought to Tooley Street). The risk of over-capacity is mitigated by Tooley Street’s flexible design which means that in the circumstances that excess accommodation is available, elements of the building could be let externally.

Modernise 2 Programme

The Modernise 2 Programme is the next phase in evolving the Council's offices portfolio. It aims to support the efficient running of the council and the improvement of services to local people by facilitating service transformation through the provision of a modern working environment. The programmes' principles are:

- Maximising the use of Tooley Street by ensuring that any remaining services that do not need to be located locally are transferred to Tooley Street, subject to capacity;
- Acquiring shared flexible accommodation on the Tooley Street model in the centre or south of the borough as a main operation centre;
- Specialist accommodation remaining at specialist sites but rationalised to make the best use of available facilities;
- Well regarded and accessible customer access points either within current One Stop Shop facilities or in the medium to long term co-located in existing facilities such as libraries;
- Remaining flexible to the expected significant reduction in Council staff during the life of the programme

Where the original Office Strategy focused on accommodating back-office administrative activities, the Modernise 2 is addressing the requirements of business units that primarily need office premises, but by the nature of the services they provide or specific location requirements, do not fit the "Tooley Street" model.

There is more work to be done to progress the programme. However at this stage a number of priority asset actions are being brought forward for implementation in 2010 – 2012:

- **Empty Bradenham and the Chaplin Centre and ensure Tooley St delivers more productivity** - move the majority of Chaplin based staff into Tooley Street
- **Address YOT location concerns** - alternative locations for the YOT – Youth Offending Team - are being appraised although flexibility in the current estate is extremely limited which has delayed the identification of a suitable site.
- **Relocate the Harris Street AHO to facilitate the Elmington development (and combine Denmark Hill office at the same time)** - proposal being progressed in line with the development timetable.
- **Review the need for a Public Sector Estate Strategy** - reviewing public sector assets, and how rationalising public sector gateways can contribute to tackling deprivation, has been proposed.
- **Produce a vision for area based services, including the front desk requirement** - developing a shared public sector approach

Specialised Asset & Service Based Asset Management Planning

Every Council service anticipates substantial change over the next three years, with delivery models actively being re-engineered and realigned to resource expectations. This extends beyond accommodation requirements that are common to all, such as offices, to specialist properties that are highly service specific e.g. care homes, depots, libraries and sports facilities. After allowing for Tooley Street based staff, and those addressed by Modernise 2 the majority of the remaining staff are regarded as having specialist accommodation requirements.

As the implications of the Comprehensive Spending Review and internal budget setting for future years are absorbed we will work closely with each department across the Council to refresh existing departmental asset management plans for each service area. Developed from AMP 2010's principles, and shaping the overall asset management strategy these individual plans will become the basis for reconciling the various needs identified against the potential of the asset base.

The approach is to work with senior service managers to agree the implications of service objectives in terms of asset priorities. Rather than consider the service in isolation, or the assets it uses currently, a holistic view is applied across all services and all parts of the corporate estate. In this way service outcomes in the widest corporate sense can be explored, along with opportunities to intensify the way in which assets are used.

The format for departmental AMP's is:

- Assessment of Existing Assets (Suitability, Sufficiency, Cost, etc)
- Service Objectives
- Assets Required / Challenge Process
- Option Appraisal / Preferred Option
- Implementation Plan

Representatives from each service will form an Asset Management Board (see "Organisational Arrangements for Asset Management Planning below) to steer the asset management processes that will take place in the course of redrafting departmental assets management plans.

The key asset issues captured to date for services are built into the Asset Management Planning Matrix (see below) to be assessed, reviewed and challenged.

Additional Asset Strategies – Housing, Schools, Infrastructure & Carbon Reduction Strategy

Parts of the portfolio have long established asset strategies, reflecting the strategic importance and considerable investment in the services they support. How the interaction between these areas and the overarching corporate AMP is managed is explained subsequently – see “Structures & Decision Making”.

Key points arising from these supplementary strategies:

Housing Assets

Affordable Homes

Despite the recession, the Council is delivering ambitious targets to build new affordable homes in the borough.

- In 2009/10, provisional results show that 579 units were delivered in-year with 67 additional units being completed shortly after the year end (2008/09: 479).

Decent Homes

- About 1,900 homes are made decent annually (2009/10: 1,866; 2008/09: 1,997). Recent changes to the internal works service will increase this further.
- The council spends around £80m per annum on improvements to its housing stock, including £40m on decent homes/area priorities. By the middle of quarter 4 in 2009/10 the council had invested some £72 million in improving homes and regenerating estates (2008/09: £89m on stock and £55million on decent homes/area priorities).
- External funding for this work amounts to around £50m, comprising £37m through Major Repairs Allowance and £12.5m GLA supported borrowing.

Elsewhere in the Housing Estate reviews have been undertaken of tenants halls and the Council’s extensive portfolio of lock up garages on estates.

Education Assets

- Work is underway to transform the secondary school estate with the £200m BSF programme delivering 9 new build schools and the substantial refurbishment of 3 more over the next four years. The first school is to open in September 2010. A number of disposals will take place as older buildings are released from the portfolio.
- The primary school and early years estate is benefiting from the Sure Start and Primary Capital Programmes. Michael Faraday primary school is the first to be delivered through Southwark’s Primary Capital Programme and is due to open in September following circa £12m of investment in partnership with the Aylesbury NDC.
- Southwark’s BSF programme allows for a 96 place short stay school for 14-16 year olds with no school place. Presently, the pupils are spread across a number of sites with a significant number on specialised alternative provision programmes commissioned from a wide range of external providers. There is a need for around 1100m2 and options are being considered from within the existing estate to meet this need.

Schools projects outside the BSF programme

- Globe - new build - part of £90m Academies programme - completion programmed for June 2011
- Harris Boys - new build - part of £90m Academies programme - completion due June 2010
- Walworth - new build via Partnership for Schools national framework -completion due by the end of 2010

Infrastructure

A Highways Asset Management Plan (HAMP) has been prepared and will be reported to Cabinet in December 2010.

The HAMP sets the policies and investment criteria needed to keep all highway assets in a safe and operational state, both on a day to day basis and in the long term. The assets within its the scope are carriageways, footways, street lighting, highway structures, highway surface water drainage and street furniture, with a combined value of £704 million on an interim Gross Replacement Cost basis.

Carbon Reduction Strategy

The Climate Change Act 2008 set legally binding carbon reduction targets for the UK, devolved to the Department of Environment and Climate Change (DECC) for local authorities. Targeted national indicators are currently under review and mandatory participation in the Carbon Reduction Commitment Energy Efficiency Scheme has been deferred to April 2012.

The DECC results for Southwark show that 84% of carbon emissions in the borough come from the built environment (54% workplaces/30% homes). Southwark's operational buildings (including schools and academies) contribute 2.7% (1.3% schools/academies) of the workplace element. Scenario modelling suggests that a 26-30% reduction could be delivered with minimal investment, but this is heavily dependant on a high disposal rate. Full details to achieve carbon reduction targets in the borough are set out in the Carbon Reduction Strategy being presented to the December 2010 Cabinet for approval.

The Council's Asset Management Strategy supports a reduction in energy use through its Office Accommodation Strategy (including Modernise 2), seeking to move staff and services to a sustainable estate of modern, efficient, fit for purpose properties, releasing the old inefficient estate for disposal. Moreover the overall reduction of the office estate and the strategy to relocate to large, well located buildings close to transport hubs has, and will continue to, result in less staff commuting by cars and less staff travel between a dispersed office estate.

INVESTMENT IN ALTERNATIVE OPERATIONAL ASSETS

Appropriate investment occurs where there is a compelling business case to do so, including asset creation through regeneration:

- New office premises to be identified in the south central area of the borough to facilitate the wider reconfiguration of the offices estate through Modernise 2 and funded from surpluses generated through disposals;
- Achieving sustainability outcomes is at the centre of the move of council staff to a single site at 160 Tooley Street, releasing old/obsolete office estate for disposal and giving further flexibility to second phase office moves/Localities. Consequent receipts and move to highly efficient building and reduction in Council's carbon footprint.
- New waste and recycling centre in Old Kent Road (programmed completion 2011). State of the art facility procured via a PFI contract with UK's waste management market leader. Worth an estimated £665 million over 25 years. Allows recycling/composting of 50% and generation of value from 75% of waste by 2020.
- John Harvard Library, which re-opened in early 2010 following a £1.42m refurbishment. Construction is now well underway on a new £14.1m library and state of the art community facility at Canada Water.
- In February 2010 the Surrey Docks Watersports Centre was opened following a long and detailed project management process with modern facilities as part of a borough wide £12.3m investment programme to support healthier lifestyles.
- A new leisure centre is due to open in Dulwich in the coming months and the council have developed financing options to improve Camberwell Leisure Centre. Options are being examined for leisure provision in the Elephant & Castle Regeneration.
- Southwark has celebrated registering its 100th eco school, more than any other London borough. The percentage of schools registered to be eco schools in Southwark is the fifth highest in the country.
- In 2009/10, a contract was awarded for the £6m redesign of Burgess Park. Within the park the Council also reopened Chumleigh Gardens in March 2010 following a £1.2million refurbishment and development including a new recreation space, play area and entrance to the park.
- Opening a Southwark Works office in Bermondsey to further support the successful Southwark Works delivery programme in that area following the closure of a local JobCentre Plus office.

Replacement of outdated assets through regeneration:

- In November 2009, Heads of Terms for the £1.5bn scheme to transform the Elephant and Castle was approved and a Development Agreement has since been signed.
- The first phase, the Heygate Estate regeneration project that will deliver new homes, five new open public spaces, and up to 75,000 square metres of new retail space. A rehousing programme is well advanced to provide vacant possession of the estate.
- The council agreed the Aylesbury Area Action Plan in January 2010, with a regeneration project that will replace around 2,700 units over the next 20 years and comprise around 4200 new homes. Work has started on the first site, which will provide 260 mixed tenure homes and a new Adult Resource Centre for adults with learning difficulties. There is some £180m worth of PFI credits available to support the costs of phases 2 and 3.

TENANTED NON-RESIDENTIAL ESTATE – INVESTMENT ASSETS & THE VCS PORTFOLIO

The Investment Portfolio consists of non-operational commercial, industrial and miscellaneous property holdings that generate income. The combined net rent roll from the Investment Portfolio currently stands at over £12 million.

The majority of the investment portfolio is held for the benefit of the Housing Revenue Account. However, like the operational estate the management of the portfolio, and all investment, disposal and strategic decisions are the responsibility of the Head of Property.

Table 4: Tenanted Non-residential Estate – Composition

Description	Number	Approx. Area GIA (m2)	Present EUV Valuation
Industrial property	16		£2,350,000
Shops on housing estates	93	6,000	£4,800,000
Retail units	438	33,000	£41,200,000
Other Income Generating Non operational Assets	484	-	£12,700,000
Workshops third party use	72	36,000	£4,800,000

Historically assembled on an ad hoc basis for service reasons (economic development and providing local facilities for residents), today the main role of these assets is to generate income for the Council. Nevertheless, they continue to contribute to the overall well-being of the borough, and incomes generated from investments may be re-directed to support the delivery of strategic objectives. The portfolio also includes premises occupied by the voluntary and community sector (VCS) which is managed on similar principles.

Overall Management Approach

These assets provide a significant revenue income stream and the Council has resolved to retain the assets for this purpose, subject to some sales to sitting tenants where premises may be disposed freehold, or in more limited circumstances on a long lease. Generally the units and parades are integral with residential blocks, and this, together with the Council's preference not to prejudice future options has restricted the trading of these investments.

Detailed coverage of the Council's approach to investment assets (including criteria for disposals from the portfolio) can be found in the Executive Report "Corporate Property Management Arrangements – Integration and Implementation" dated 20th May 2008.

Investment in the estate is targeted at opportunities to enhance rental returns, offset environmental or economic obsolescence, secure environmental improvements including community safety and other benefits, or to enhance regeneration initiatives.

£19 million disposals have been targeted in our 10 year disposal programme, plus a further £20 million from the sale of industrial estates and £6 million from the VCS estate.

Where opportunities to acquire assets exist, whether for investment or operational reasons, these will be evaluated e.g. the new developments in the Bermondsey Spa and Canada Water regeneration programmes will both provide retail premises.

Investment Performance & Maximising Net Income

The emphasis of the management strategy is to maximise net income through the prompt execution of lease renewals, rent reviews and new lettings, and minimising holding costs, including management:

Table 5: Maximising Income from the Investment Portfolio

Year	2009/10	2010/11
Number of Lease Renewals	35	45
Increased Income	£40,000	£50,000
Number of Rent Reviews	40	60
Increased Income	£80,000	£45,000
Voids Let	36	-
Increased Income	£530,000	-
Voids as Percentage of Lettable Estate	6%	6%

The management of the Investment Portfolio is undertaken by an in-house team. Although the Council has explored options for a number of management models, including outsourcing to a third party landlord, and tenant self management schemes, the present configuration is considered to represent value for money in terms of impact on net income and compares favourably with similar operations and external comparators:

Table 6: Management Costs Analysed

	LBS 2009/10 Spend 2009/10 (Actual)	London ACES Average 2008/09 (last available)
Business Tenancies Managed	1,058	590
Total Rental Income 2009/10	£11,460,000	£5,700,000
Annual Management Spend 2009/10	£550,000	£440,000
Cost as % of Rent Roll	4.80%	7.70%

***ACES** = Association of Chief Estates Surveyors*

Voluntary & Community Sector Estate

Recent years have seen the growing acknowledgement of the third sector as a means of supporting and diversifying public sector service objectives, as the October 2010 Comprehensive Spending Review document readily demonstrates (see Page 9). Southwark's The Voluntary & Community Sector (VCS) estate currently comprises 73 assets, ranging from lock-up shop units to large, Victorian multi-let properties.

At its meeting of 19th May 2009 the Council's Executive approved a high level Asset Management Strategy for the VCS portfolio (the document is available separately). The VCS

Asset Management Strategy derives directly from the Council's Corporate Asset Management Plan and underpins this key strategic document with an additional tier of detail.

The key principles underlying the agreed approach to the VCS estate are:

a) To define the portfolio of assets that made up the estate, and the circumstances under which properties might be added to or removed from the portfolio;

b) Bring the management of the properties, and budgets, concerned under a single lead through the creation of a dedicated VCS Portfolio Manager within Southwark Property (with a corresponding client-side liaison post in Social Inclusion);

c) Introduce detailed asset management planning arrangements for VCS properties with a view to improving the "offer" to the sector within a cost neutral (or better) operating model - achieving a smaller, affordable, portfolio of better quality assets that are fully utilised.

d) Preserve the value of individual assets through appropriate repair and maintenance and of the wider estate by avoiding strategic fragmentation (linked to the Council's corporate asset objectives);

e) Establish a set of policies and protocols covering asset transfer

f) Clarify the rent and lettings policy for VCS assets, regularise occupation arrangements and ensure effective lease management including rent review, lease renewal, and enforcement where necessary

g) Agree and implement a detailed performance management and reporting system, covering both the assets and their management

Whilst these principles generally hold good, much has of course changed over the past year in the operating and resources environment against which the assets are held. Therefore the Council will now review progress on the implementation of the VCS strategy to date, and the detailed arrangements for the appropriate future configuration and management of the portfolio. This is to be achieved through the completion of a detailed Asset Management Plan for the VCS estate by Spring 2011. Increasing utilisation and the sharing facilities will be key themes in achieving best value from the portfolio.

In the meantime the proactive management of the VCS estate, including where required, regularisation of occupations, enforcing terms of agreements and renegotiation of leases, health and safety compliance, is minimising risk exposure to the Council and service users and maximising the condition of the estate and therefore the voluntary sector offer in the Borough.

ORGANISATIONAL ARRANGEMENTS & DECISION MAKING

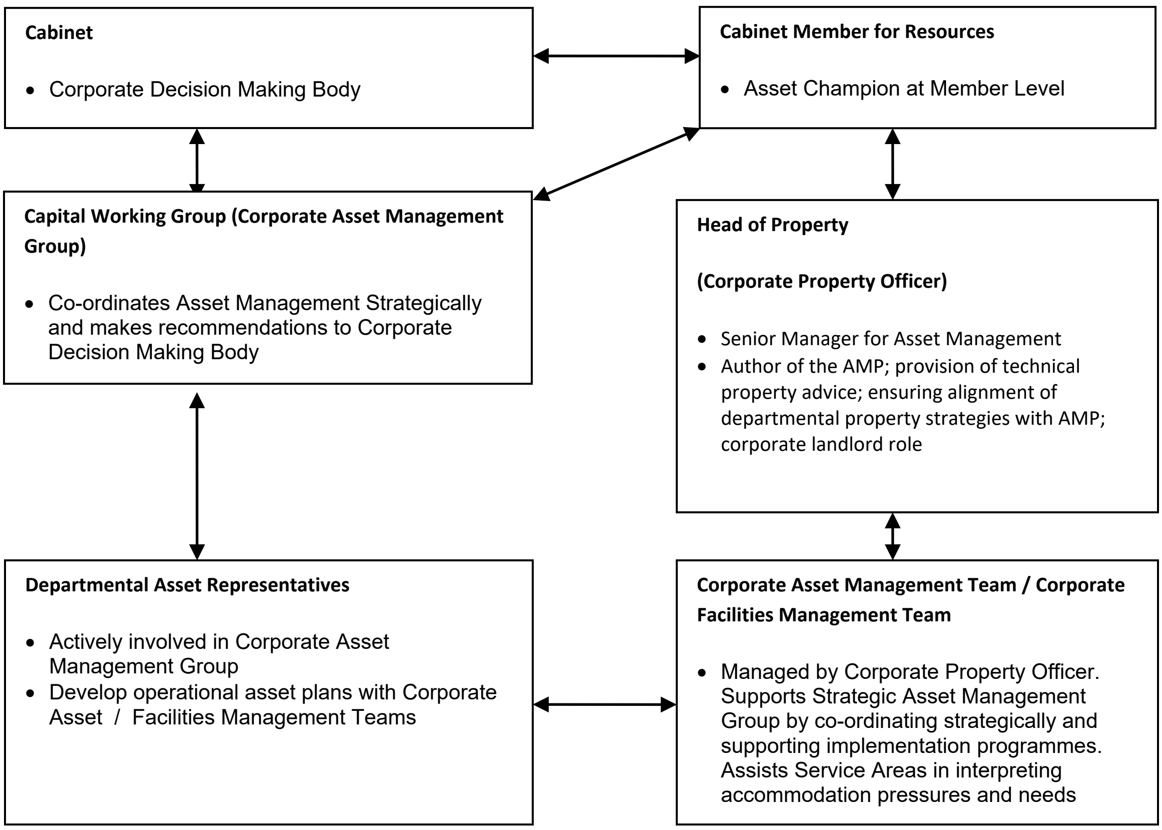
Central Property Function – the Corporate Property Officer

Ensuring the development of strategic asset management, and capturing property asset issues in the business planning process is the responsibility of the Corporate Property Officer (CPO). The role is undertaken by the Head of Property. The CPO exercises a central strategic overview that provides the point of co-ordination between corporate strategy and delivering workable solutions in asset use issues.

A full range of strategic and technical advice in all property matters is provided by the Council's in-house property unit. Primary points of contact on Asset Management Planning, and supporting the role of the CPO are the Corporate Property Teams and Corporate Facilities Team.

The CPO is a member of, and reports to, two key strategic decision-making groups in terms of asset management planning matters: the Capital Working Group (CWG), and the Council's cross-service Corporate Management Team. Collectively these groups are responsible for the effective strategic management of the Council's assets at officer level, with CWG taking the central role.

Organisation for Delivery – Corporate Roles for Asset Management



Property asset issues are generally decided by Cabinet, Individual Decision Making and through delegated decision according to the significance and impact of the proposals under consideration. Through these arrangements responsibility for asset issues vests in a single Cabinet portfolio holder (Finance & Resources). The portfolio holder's role is to ensure sound business planning and financial probity within the corporate framework, including the new Medium Term Resources Strategy and all financial management of revenue and capital, the capital programme and the management of capital receipts.

Review

There has been a good deal of change across the organisation during the last 18 months. Therefore it is appropriate to look again at how well the asset management is embedded in corporate processes, structures and decision making. A working model for future arrangements is shown diagrammatically below, together with a proposed process and we will now undertake consultation on the proposals. A key consideration will be to ensure that from a resourcing point of view the proposals are in proportion to the portfolio under management.

Currently asset decisions are delivered through Corporate Management Team alongside the Capital Working Group with technical advice from the Head of Property's Corporate Property team. However, it is considered that the structure could benefit from some refinement in order to bring closer links with, and highlight the benefits of asset management planning processes to, service departments. This will have a number of benefits including:

- Early identification of corporate cross-cutting themes and opportunities;
- identification of collaborative opportunities;
- Early establishment of support from the corporate centre including resourcing prioritisation (staffing/capital/revenue);
- Central collection and collation of output and service benefits data to better inform future rationalisation/investment decisions.

Systems

Some of our systems are also being critically reviewed. Whilst option appraisal arrangements and estate management systems are in place to assist decision making, the "Manhattan" estate management system in particular was identified as warranting review and potential overhaul in AMP 2008. Accountants Grant Thornton have recently completed an external review of the system in use and we will now review our action plan for the system to ensure it continues to be a valid business tool with the capacity to respond to our changing requirements (particularly in the area of Facilities Management.

APPENDICES

1. Contextual Information
2. High Level Asset Objectives
3. Critical Success Factors
4. Portfolio Performance Data

LONDON BOROUGH OF SOUTHWARK CONTEXTUAL INFORMATION

Area	• 2,886 hectares (7.129 acres)
Location	• Inner City, South-East London • Incorporating: Bankside, Borough, Bermondsey, Rotherhithe, Elephant & Castle, Camberwell, Walworth, Peckham, Nunhead, Dulwich • Nearest Neighbours: London Boroughs of Lambeth, Lewisham, Croydon and Bromley, Cities of London and Westminster, and the London Boroughs of Camden and Tower Hamlets
Population	• 274,000 residents (approximately) [1], 107,663 households • 17% of the population is under the age of 15 • 39% of the total is from Black and other ethnic minority groups • Population growth to approximately 339,000+ by 2031 projected • Over 11,955 businesses employing 155,074 people • Ranked as 26th most deprived borough in England (16 of our 165 LSOAs are in the 10% of the most deprived LSOAs nationally)
Political Composition	• In the May 2010 elections the Administration changed from a Liberal Democrat / Conservative coalition to a Labour majority. 63 Councillors (35 Labour, 25 Liberal democrat, 3 Conservative) representing 21 Wards. • Parliamentary Seats unchanged in 2010 - Bermondsey & Old Southwark (Liberal Democrat) - Camberwell & Peckham (Labour) - Dulwich & West Norwood (Labour)
Administration	• Leader, deputy & Cabinet format including cross-cutting portfolio holders and scrutiny process • Portfolio's: Regeneration & Corporate Strategy, Health & Adult Social Care, Community Safety, Transport, Environment & Recycling, Finance & Resources, Children's Services, Equalities & Community engagement, Culture, Leisure, Sport & the Olympics
Council Departments	• Corporate: Deputy Chief Executive - Communities, Law and Governance - Finance and Resources • Children's Services • Environment and Housing Department (Housing Services to be established as separate department) • Health and Social Care • Regeneration Department (to transfer to Deputy Chief Executive November 2010).
Asset Holdings	• Aggregate value of £3 Billion on the basis of valuations conducted for disposal, Asset Register and Housing Resource Accounting purposes. • Approximately 96% of this value is concentrated in operational assets (primarily our housing stock) used by the council to deliver services in direct support of our Community Priorities. • The remainder is invested in infrastructure, shops, business premises and other non-operational properties used to produce rental income, and in surplus properties that are no longer appropriate to Southwark's portfolio and are being actively disposed of. • See Composition of Portfolio (p7)

2. HIGH LEVEL CORPORATE OBJECTIVES FOR ASSETS

1	Achieve a corporate portfolio that is appropriate, fit for purpose, affordable and which contributes to improving operational and service delivery outcomes (sustainable; efficient; fit for purpose; value for money) through review & challenge;
2	Act proactively to mitigate the effects of the economic downturn whilst reconciling this with the strategic objectives of the Council
3	Contribute to key regeneration projects through acquisition and disposal activity and use of CPO powers where appropriate.
4	Effective strategic planning of the estate fully integrated into the Council's business planning processes, developing this further with partner and neighbouring agencies.
5	Constantly review and monitor the operational estate to keep the objectives for portfolio relevant to fulfilling corporate goals
6	Manage operational demand for corporate accommodation arising from extensive restructuring across the organisation and the ongoing drive to modernisation
7	Provide flexible solutions to operational requirements to allow for changing future demands in the operational estate (including exit strategy)
8	Respond to changing demand for assets from all parts of the organisation; balancing those demands against resources available
9	Include consideration of external factors in all strategic decision making
10	To promote collaborative/partnership working to provide efficiencies, either through shared occupational, operational or procurement arrangements
11	Promote high environmental sustainability in both existing buildings and in procurement of new assets in order to minimise costs in use and emissions
12	Deliver challenging capital receipt targets whilst maintaining best consideration principles and balancing revenue requirements
13	Improve stock condition and minimise back log maintenance
14	Ensure statutory compliance and minimise risk exposure
15	Consolidate property management arrangements at strategic and operational levels
16	Maintain a sustainable corporate estate and preserving its inherent investment and utility value through comprehensive facilities management arrangements and a planned preventative maintenance programme.
17	Raise the profile of asset management planning corporately and operationally across the authority and reinforcing the role of the Corporate Property Officer
18	Renew and reinforce structures for asset management planning at corporate level
19	Review and refining systems, data, and performance management arrangements in

	order to fulfil the growing expectations of them
20	Safeguard the Council’s legal position with regard to its land holdings by completing a comprehensive review and registration of title programme
21	Implement a comprehensive and sustainable strategy for community premises (including asset transfer arrangements), underwritten by sound asset management practices. Consider a range of approaches to heritage properties and their conservation, including facilities management, management agreements with third party organisations and other forms of asset transfer (subject to finalisation of protocol) where appropriate
22	Manage rent reviews and lease renewals to maximise revenue income, and Take appropriate action to minimise the arrears of rent
23	Proactively managing the investment portfolio to ensure compliance with lease terms and protect/enhance value
24	Challenge reasons for holding investment property and monitor investment returns and performance
25	Provide effective, professional property advice in support of departmental strategic objectives

3. CRITICAL SUCCESS FACTORS

ASSET TYPE	ASSET OBJECTIVES
All Assets (including IT systems)	**To develop an appropriate portfolio of assets to meet the Council's corporate operational and service delivery requirements (optimum use; sustainable; efficient; fit for purpose; value for money):** • Use land holdings to lever in investment through regeneration; • To maintain and ensure the accuracy of the asset information, and to maintain and develop the systems used to hold this information including the modernisation of the Council's ownership terrier with a GIS based system and registration of all titles; • Identification of surplus and underperforming assets through review and challenge process; • Build in flexibility for future change, acknowledging illiquidity of property assets and option of alternative accommodation models • To develop and implement whole life costing/options appraisal methodology into corporate decision making
Operational Assets Generally	**Enabling modernisation and adoption of new working practices, co-location and cross-departmental efficiencies;** • Increased access and range of services in optimum locations • Identify opportunities for collaboration with partner organisations • To safeguard the inherent investment value and service delivery potential of the operational estate through: • Comprehensive facilities management arrangements including achieving compliance; • Controlling and reducing the maintenance backlog • An effective Planned Preventative Maintenance Programme for the operational estate; • Minimise cost in use and environmental impact; • Thematic and cross-cutting programmes of review, consolidation and rationalisation; • Supporting service outsourcing.
Operational Office and Administrative Assets	**Continual review of corporate office and administrative accommodation requirements within the context of an overall programme of optimising use, consolidation and rationalisation;** • All accommodation changes subject to approval by Asset Management Steering Group • Improvement of retained accommodation through the adoption and application of Council-wide space standards, and accommodation quality standards; • Reduction of running costs through more efficient utilisation and building efficiency; • Improved service delivery by redirecting accommodation costs into service improvements; • Explore opportunities for accommodation sharing with partners and benefiting from organisational proximity and economies of scale.
Assets Used by Third Parties for Operational Purposes	**Formalisation of all third party arrangements with agreements that are proportional to the period, purpose and extent of occupation;** • The property agreement explicitly separated from (but annexed to) a wider service agreement; • Charging of financially appropriate rental levels (Market Value), by way of a clear and transparent mechanism; • Incorporation of any necessary capital expenditure into the agreement; • Co-ordination of all agreements by the Corporate Property Officer ; • Involvement of Corporate Property Officer or his nominee in negotiations with third parties; • Provision made that any third party arrangement will not have an undue impact on the authority's future flexibility.
Non-operational Investment Assets / the Tenanted Non-Residential Estate	**Apply explicit criteria for retention/disposal e.g. freehold commercial premises with residential upper parts to sitting tenants;** • Preserve and proactively enhance the value of the investment estate including active portfolio review processes; • Secure maximum annual return through commercial rents – lettings, rent reviews, lease renewals and rent collection; • Address lack of investment in the estate by a programme of improvements to enhance the performance of the portfolio and its sustainability where there is a business case to do so; • To ensure that day to day management reflects local demand and encourages tenant mix, including flexible lease terms; • A VCS Strategy adopting the above principles and including an Asset Transfer Policy has now been adopted giving clear protocols for dealing with the management of the portfolio and any asset transfer requests (to be finalised). • Identify additional opportunities for income maximisation; • Actively preventing, monitoring and enforcing against immoral and illegal uses though use of lease provisions and working with enforcement agencies.
Surplus Land and Buildings (including Regeneration areas)	• Dispose of Surplus Property to achieve the best consideration / best value for the Council in support of the capital programme; • Dispose of (and acquire) property in pursuit of strategic and regenerative initiatives and commercial opportunities.

APPENDIX 4 - PORTFOLIO PERFORMANCE DATA

1. Condition & Maintenance (operational assets excluding dwellings)

To measure the condition of the assets for their current use, changes in condition and annual spend on required maintenance:

No.	Indicator	Category/Level	Results
PMI. 1 A	% Gross Internal floor space in condition categories A-D	Cond. Cat A	38%
		Cond. Cat B	41%
		Cond. Cat C	19%
		Cond. Cat D	2%
PMI. 1 B(i)	Required maintenance as total cost In priority levels 1-3	Priority Level 1	£17.8 million
		Priority Level 2	£28.0 million
		Priority Level 3	£81.0 million
PMI. 1 B(ii)	Required Maintenance as a % in priority levels 1-3	Priority Level 1	14%
		Priority Level 2	23%
		Priority Level 3	63%
PMI. 1 B(iii)	Overall cost per square metre GIA per annum	-	£44
PMI. 1 C	Annual percentage change to total required maintenance figure over previous year	-	Previous years based on historic survey and not comparable
PMI. 1 D(i)	Total spend on maintenance in previous financial year (incl. day to day repairs and compliance)	-	£7.2 million
PMI. 1 D(ii)	Total spend on maintenance per square metre GIA per annum	-	£20.2
PMI. 1 D(iii)	Percentage split of total spend on maintenance between planned and reactive maintenance	-	16% : 84%

2. Environmental Property Issues

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency:

No.	Indicator	Results
PMI. 2 A(i)	Energy Costs / Consumption (gas, electricity, oil, solid fuel) - £ spend m2 / GIA	£9.86
PMI. 2 A(ii)	Energy Costs / Consumption (gas, electricity, oil, solid fuel) - kwh / m2 GIA	173 kwh / m2
PMI. 2 B(i)	Water Costs / Consumption - £ spend per m2 GIA	£1.47
PMI. 2 B(ii)	Water Costs / Consumption - volume m3 per m2 GIA	0.82 m3 / m2
PMI. 2 C	CO2 emissions in tonnes of carbon dioxide per m2 GIA	0.05

3. Suitability Surveys (operational assets excluding dwellings)

To encourage the carrying out of suitability surveys to help identify how assets support and contribute to the effectiveness of frontline service delivery i.e. are they fit for purpose:

No.	Indicator	Results
PMI. 3 A	% of portfolio by GIA m2 for which a suitability survey has been undertaken over the last 5 years ~	90%
PMI. 3 B	Number of properties for which a suitability survey has been undertaken over the last 5 years	167

4. Building Accessibility Surveys (operational assets excluding dwellings)

To monitor progress in providing access to buildings for people with disabilities:

No.	Indicator	Results
PMI. 4 A	% of portfolio by m2 GIA for which an access audit has been undertaken by a competent person	89%
PMI. 4 B	Number of properties for which an access audit has been undertaken by a competent person	176
PMI. 4 C	% of portfolio by m2 GIA for which there is an Accessibility Plan in place	88%
PMI. 4 D	Number of properties for which there is an Accessibility Plan in place	174

5. Sufficiency (Capacity & Utilisation) of the Office Portfolio

To measure the capacity and utilisation of the office portfolio:

No.	Indicator	Results
PMI. 5 A(i)a	Operational office property as a percentage of total portfolio based on GIA	25%
PMI. 5 A(i)b	Office space per head of population based on GIA	0.4 m2
PMI. 5 A(ii)	Office space as a percentage of total floor space in operational office buildings using Net Office Space to NIA	77%
PMI. 5 A(iii)a	The number of office or operational buildings shared with other public agencies	12
PMI. 5 A(iii)b	Percentage of office or operational buildings shared with other public agencies	8%
PMI. 5 B(i)	Average office floor space per number of staff in office based teams (NIA per FTE)	12 m2
PMI. 5 B(ii)	Average floor space per workstation NIA	14 m2
PMI. 5 B(iii)	Annual property cost per workstation (not FTE)	£3,340

Note: the offices portfolio is in a state of transition and this is reflected in the results reported above. Change will continue over the immediate future, with some buildings being partially occupied pending decant, disposal, re-use etc and potentially distorting statistics based on occupier numbers in particular.

6. Spend

To measure overall property costs and changes over time (excludes housing):

No.	Indicator	Results
PMI. 6 A	Gross property costs of the operational estate as a percentage of the Gross Revenue Budget	11%
PMI. 6 B	Gross property costs per m2 GIA	£245

7. Time & Cost Predictability

To measure time and cost predictability pre- and post- contract:

No.	Indicator	Results
PMI. 7 A	Time predictability, Design - the percentage of projects where the actual time between Commit to Design and Commit to Construct is within, or not more than 5% above the time predicted at Commit to Design	60%
PMI. 7 B	Time predictability, Post-Contract - the percentage of projects where the actual time between Commit to Construct and Available for Use is within, or not more than 5% above the time predicted at Commit to Construct	53%
PMI. 7 C	Cost Predictability, Design - the percentage of projects where the actual Cost at Commit to Construct is within +/- 5% of the cost predicted at Commit to Design	47%
PMI. 7 D	Cost Predictability, Post Contract - the percentage of projects where the actual Cost at Available for Use is within +/- 5% of the cost predicted at Commit to Construct	93%