

Report of the Assistant Director (Property Services)

Asset Management – the way forward

Summary

- 1 This report responds to:
 - a. the Audit Commission report on CYC performance in asset management issued December 2009 (included in an earlier item on this agenda), and
 - b. the 'Room for Improvement – Strategic asset management in local government', a national report issued by the Audit Commission in June 2008.
- 2 This report also outlines the objectives of the council's approved Property Blueprint included in the More for York programme.

Background

- 3 The five year Corporate Asset Management Plan was approved and adopted by the Executive on 27th March 2007. Executive Members can find a copy of this report on the Council's website at www.york.gov.uk/business/Commercial_prop/Asset_management
- 4 In March 2009 the Audit Commission also carried out an audit of the Council's approach to Asset Management. This was an extensive and in depth audit which looked at all aspects of the Asset Management Planning Process in response to the focus on this topic in the 2009 CAA inspection as part of the assessment for the Use of Resources.
- 5 The Audit Commission have published a national report under the heading of 'Room for Improvement'.
- 6 The report is the third national report on the subject and follows, Property: A Management Overview in 1988 and Hot Property: Getting the Best from Local Authority Assets in 2000.
- 7 *At 31st March 2008, English councils owned property valued in their accounts at £250 billion. The market value of those assets is probably higher, even though that value has probably declined in the recession. The report encourages councils to understand how a more strategic approach to asset management could secure better value for taxpayers' money. Strategic in this context means being based on a plan or thought-through analysis of the whole of the council's obligations, ambitions and budget.*

8 *Expectations about how property is managed is higher than ever: Councils should make savings and deliver improved services by changing how they use property, and when and how they invest in it.*

Information

9 The Audit Commission developed an audit approach, that integrated the key elements of:

- the relevant 2008/09 use of resources KLOE;
- the Audit Commission's national report, 'Hot Property: Getting the best from local authority assets'; and
- the CLG report, 'Building on Strong Foundations'.

10 In summary the Audit Commission reported that the council has developed a strategic approach to asset management, which has had some positive impact, but is not consistently applied across the organisation.

11 The agreed action plan responding to the Audit Commission is appended to the Audit Commission report earlier on this agenda.

12 Since that audit, the commission have published a national report under the heading of 'Room for Improvement'.

13 The following outlines the summary and recommendations of that report and highlights how the City of York Council has previously and is now planning to respond to those issues:

14 The summary:

a. Councils have made only modest progress on good property management since 2000

CYC response -

1. Successful adoption of a number of Corporate AMP's – latest one is for the period 2007-2012. A new one is proposed for 2010-2014 and will be completed in the summer of 2010.
2. Development of a strategic approach to asset management which has had some positive impact (as acknowledged by the Audit Commission). To be further developed as part of the More for York programme to provide a more collaborative approach for the council.
3. Expansion of the Corporate Asset Management Group to include representation from partner organisations such as the Police and Fire Services. Other partners have expressed an interest in joining the group from the local PCT and Probation Services.
4. Implementation of a new corporate property database (Technology Forge). Collection and recording of data on all land and property assets including tenure, occupation, running costs, value, condition and suitability. A specific project within the More

for York programme will focus upon a more collaborative and coordinated approach to the management of property information.

5. Completion of Service and Area Asset Management Plans – eg. Library Service AMP and Tang Hall Area AMP
6. Approval of Repair and Maintenance Strategy and repair and maintenance programme implemented although with very limited resources.
7. Rationalisation of the office accommodation portfolio into a new HQ building to be opened in 2012.
8. Adoption of a Community Asset Transfer Policy which has resulted in a number of successful schemes and also attracted external funding (for example, St Clements Hall) and is delivering community benefits (as recognised by the Audit Commission)
9. Delivery of a challenging capital receipt requirement although this has been hindered by the current economic circumstances
10. Approval of a Commercial Property Portfolio Strategy. A further review is being undertaken as part of the More for York programme.
11. Production of a complete set of National and Commercial Property performance Indicators which have been used to highlight priority areas for future work (for example bidding for funds to reduce the Repair Backlog) and used for benchmarking with other similar authorities again highlighting examples of good practice and areas for concern

b. Council property is big business

CYC response – Value of the CYC estate 2000-2009 with breakdown and including stock changes

Value/Breakdown of Assets by Service Area	2000 £m	2001 £m	2002 £m	2006 £m	2009 £m
Council Houses	217	236	292	393	420
LCCS/Education	75	75	119	121	163
LCCS/Leisure	39	39	44	49	(inc. above)
Neighbourhoods	3	3	3	10	6
City Strategy	7	10	10	33	24
HASS/Housing	18	12	7	13	35
HASS/Social Serv	11	11	19	21	(inc. above)
Resources	31	36	42	46	72
Total	401	422	536	686	722

c. Councils have used the proceeds of rationalisation to invest in recent years

CYC response – value of sales 2000-2009, where the money has gone – especially in regard to office investment

Year	Net receipts £m
2000/1	£1.7
2001/2	£4.9
2002/3	£3.9
2003/4	£4.0
2004/5	£3.1
2005/6	£2.1
2006/7	£18.4
2007/8	£5.5
2008/9	£2.1

Receipts used to fund the capital programme including

- Contribution to school building/refurbishment programme
- New HQ
- Contribution to community transfer schemes
- Dealing with repair and backlog maintenance, asbestos and other compliance issues

d. Central government has not set clear expectations or offered incentives to use assets more frugally

CYC response – carried out our own service and area reviews, community asset transfer policy (Oaken Grove Community Centre, Beckfield Lane changing rooms, St Clements Hall), lack of investment in reducing maintenance backlog

e. Few councils are well placed to deal with tougher times

CYC response – info on property increasing all the time through condition surveys, energy info, database development, suitability surveys in place. There is a need to plan for further rationalisation of property through greater provision of integrated services from a lesser number of service points.

f. Recession offers opportunities as well as challenges

CYC response – moratorium on sales, lack of revenue/capital for repairs/refurbishment and investment, More for York provides opportunity and support to write new Corporate Asset Management Plan. Need to consider the opportunities to acquire property for future needs and as part of regeneration within York.

15 The Recommendations – What councils should do

a. Improve the knowledge of their portfolios and their partners portfolios

CYC response – implement the technology forge database development plan (resourcing needed), gather information through the extended CAMG, include relevant information in the new Corporate Asset Management Plan and all reports to members to enable informed decisions to be made

b. Identify areas for improvement and other councils to learn from

CYC response – ensure regular production of all relevant PI's and their reporting. Continue with benchmarking through Institute of Public Finance (IPF) and Association of Chief Estates Surveyors (ACES) network, explore further value for

money indicators from National Audit Office (NAO) and Audit Commission (AC) to incorporate relevant ones within reports

c. Review property holdings and reduce them where possible by:

1. Disposal of surplus/under-utilised property

CYC response – continue with Service and Area AMP programmes – link to school re-organisation programme

2. Reconfiguring services

CYC response – New HQ project, land behind Acomb Explore, school and other service reviews leading to integrated service provision, including those provided by external partners.

3. Consider tenure other than ownership

CYC response – Community asset transfers, Museum Trust, consider other trusts for leisure facilities etc.

d. Motivate service managers to use property more economically

CYC response – Property comments in service plans, Service Asset Management Plans, Integrated service provision and Office of the future project

e. Develop the capacity needed to bring about change by

1. Recruiting appropriately skilled staff

CYC response – work with partner organisations and framework partners

2. Commission reviews from private sector professionals

CYC response – framework partners, Bruton Knowles carrying out Strays Service AMP

3. Making best use of external support

CYC response – sharing information and best practice in the benchmarking groups and with partner organisations.

f. Collate with local partners by

1. LSP

CYC response – This needs to be developed

2. Sharing with partners

CYC response – Acomb Explore, Derwent/Westfield Schools

3. Sharing property data

CYC response – need to develop what we have and to examine our approach to common systems.

g. Seek opportunities presented by the recession to

1. Acquire properties

CYC response - need the resources to do this or the capacity to borrow.

2. Employ high calibre staff

CYC response - recruitment freeze, but More for York will include examining the procurement and provision of specialist support frameworks.

More for York - The Property Blueprint

16 The blue print for Property does not just look at the Property Service but at the way we manage land and property assets across the whole council irrespective of use and at the opportunities for working closely with partners and other public-private sector organisations.

17 The blueprint has five distinct projects within it and are as follows:

- a. Strategic Asset Management
- b. Day to Day Property Management and Information
- c. Change – enabling, commissioning and delivery of professional and technical services
- d. Commercial Portfolio
- e. Facilities Management

18 The objectives of the Strategic Asset Management project include:

- a. Member/Officer Champions and Asset Board
- b. Central control, prioritisation and allocation of resources
- c. Collaborative and informed decision making
- d. Responsive to proven and established property need
- e. Collaborative implementation
- f. 'Less is more' – efficient and fit for purpose assets
- g. Reduced asset running costs
- h. Generate capital receipts
- i. More focussed investment

j. A value for money, compliant and fit for purpose asset base.

19 The objectives of the Day to Day Property Management and Information project include:

- a. Single point of access
- b. Comprehensive up to date data and information on all aspects of land and property assets
- c. Sufficient information to support decision making
- d. Comprehensive advisory service
- e. Evidence of compliance
- f. Evidence of meeting statutory and legal obligations
- g. An efficient system for the collection, collation, storage and management of data and information in all relevant formats
- h. Reduced risk
- i. All assets registered – Land Registry
- j. Possible links with PCT, Police and Fire services and other local authorities
- k. Appropriate levels of investment in processes and ICT

20 The objectives of the Commercial Portfolio project include:

- a. Clarity of portfolio content
- b. Clarity of portfolio objectives
- c. Clarity of targets for financial, social and economic benefits
- d. Collaborative and informed decision making through the Asset Board
- e. A portfolio that is more efficient and has reduced unit costs
- f. Generation of targeted capital receipts
- g. More focussed investment in
 1. Existing properties
 2. Acquisition of new and appropriate properties
- h. A value for money, compliant and fit for purpose commercial portfolio asset base.

21 The other two projects support the principles of these three but do not contribute directly to those issues raised in the Audit Commission report and the 'Room for Improvement' national report.

22 To summarise, the council's response to the Audit Commission report, through its action plan, and the intentions outlined in the Property Blueprint will contribute enormously to satisfying the recommendations outlined in the 'Room for Improvement' report. Implementation of Audit Commission recommendations will be monitored through the Audit Committee; the MoreforYork blueprint will be monitored through the MoreForYork Programme Board, CMT and Executive.

Options

23 Not relevant for the purpose of the report

Analysis

24 Not relevant for the purpose of the report

Consultation

25 Corporate officers have contributed to this report where appropriate and relevant

Corporate Priorities

26 Links can be made to a number of the council's priorities, particularly **Effective Organisation** - Proper Asset Management Planning will ensure the Council occupies and uses property and land assets which are 'fit-for-purpose' and sustainable which will improve the effectiveness of service delivery and make best use of limited revenue and capital budgets.

Implications

27 The following information is provided:

Financial

28 There are no financial implications, though it should be noted that to fully resource asset management planning to the level of expectation outlined in the Audit Commission reports would require further investment by the council.

Human Resources (HR)

29 There are no HR implications.

Legal

30 There are no Legal implications.

Crime and Disorder (C & D)

31 There are no C & D implications.

Information Technology (IT)

32 There are no IT implications.

Property

33 Property implications are discussed within the report

Risk Management

34 Failure to provide adequate arrangements for effective property management could present risks that range from basic and safety hazards to significantly impacting on the ability to deliver services effectively.

Recommendation

35 That Members note the council's response to the Audit Commission's review of asset management, to 'Room for Improvement' and as part of More for York, and the associated monitoring arrangements

Reason: To receive assurances on the effective management of the council's property assets as part of the system of internal control.

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