



CITY OF
WORCESTER
Your City Your Council

Worcester City Council

Asset Management Plan

July 2003

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Forward from Councillor Barry Mackenzie-Williams, Cabinet Member with responsibility for Property

This Asset Management Plan, and its associated Capital Strategy Statement, seeks to demonstrate the commitment of Worcester's Conservative led Council to well-organised asset management and the prudent use of capital resources.

If the properties that are the subject of LSVT are removed from Worcester's current property portfolio then what is left is diverse but commendably small. The Authority has only retained ownership of these properties to directly benefit one or other of the aims of the Council. For example our fine historic buildings, i.e. the Guildhall and the Commandery, support the City's aim to be an all year round tourist destination, the City Centre car parks generate much needed revenue to enhance frontline services and our offices provide a suitable environment from which a well-trained and healthy workforce can deliver good customer services.

This third year submission continues to be informed by the Best Value Review process including the opportunity to discuss our Property management and Facilities management Best Value Review with the Audit Commission's Inspectors last spring. These discussions have helped the Authority to further focus its approach to Asset Management on the need to consult, challenge, compare and compete in the provision of services. In other words the 4 C's of best value.

Again the backdrop to these plans is one of change. In some cases change that was clearly foreseen last year and is only now coming to fruition e.g. LSVT. In others, such as the Organisational Review, changes that were at best only hazily defined last year. Thus it remains ever more important that our assets and capital are managed in a way which aids customer focus and implements our priorities.

These plans provide the vision and direction needed for our future property and capital requirements and I commend them to the Council.

Cabinet Member with responsibility for property

July 2003

SECTION 1: Organisational Arrangements for Corporate Asset Management

1.1 Introduction

1.1.1 The Asset Management Plan (AMP) is a corporate document which, read in conjunction with the Authority's Capital Strategy, provides a strategic overview of the policies and processes involved in the management of the Authority's assets. For the purpose of this document, "assets" refers to **land and property** only.

1.1.2 The principal aim of the AMP is "**to ensure that the opportunity cost of financial resources tied up in land and buildings is minimised and that capital and revenue expenditure on the portfolio is directed efficiently and effectively to provide value for money**". (DTLR Good Practice Guidelines 2000). Capital and revenue expenditure decisions will be informed by data collected concerning the condition, suitability and sufficiency of the Authority's properties as part of the Asset Management planning process and the prioritisation of identified schemes will be based on a number of factors including the extent to which they reflect corporate policy priorities.

1.1.3 The AMP has been prepared by the Capital Investment and Asset Management Working Party (CIAM). It has been considered by the Chief Officers' Management Team (COMT) and the Corporate Services Policy and Review Committee (Scrutiny Committee). It was approved by the Cabinet on 29th July 2003.

1.2 Corporate Framework

The Council's asset management planning is informed by and supports the Council's other corporate plans. These are:-

1.2.1 **Community Strategy**

Since the last AMP the City's Local Strategic Partnership, the Worcester Alliance, has adopted a Community Strategy which has four themes:-

- A Prosperous City
- A Green, Clean and Healthy City
- A Safe City
- An Inclusive City

1.2.2 **Best Value Performance Plan**

In light of the adopted Community Strategy the Council has, in its Best Value Performance Plan for 2003-04 adopted on 24th June 2003 significantly revised strategic priorities as follows:-

- **Tourism and Riverside Regeneration**
 - Working with partners to make Worcester an all year round destination
 - Improved High Street, Guildhall, Commandery and Riverside
 - Improved Marketing, accessibility and signage
- **Economic Development and Transportation**
 - Promoting diversity (retail/hotels/tourism and new technology)
 - Re-develop/re-use brownfield sites
 - Choice in transportation and less congestion
 - Discounts and concessionary fares
 - Enabling a balanced supply of housing
- **Clean, Green and Safe**
 - Clean and safe local environment
 - Re-cycling excellence.
 - Safe and clean public toilets
 - Seeking sponsorship for street furniture/roundabout displays.

- **Customer Focus**
 - Quality services and improving performance.
 - Well-trained and healthy workforce.
 - One Council philosophy, customer service centre and e-government.
 - Improving communications and consultation.

- **Financial Prudence and Value for Money**
 - Maintaining a balanced Budget.
 - Partnership and outsourcing.
 - maximising external funding opportunities.

1.2.3 Other Corporate Key Drivers

The two other corporate key Drivers identified in the last AMP continue to influence this plan:-

- Proposed Housing Stock Transfer

The Council has now secured a place on the ODPM Stock Transfer List for the period down to 31st March 2004 and a ballot of tenants is being undertaken in July 2003. The results of the ballot will be known in early August 2003. If stock transfer is supported by the tenants, it is intended to transfer the Council's housing stock to Worcester Community Housing, a company limited by guarantee, by 31st March 2004. The Council is represented on the 15 member board of the Company by 5 City Councillors. Whether or not stock transfer proceeds there will be numerous Asset Management issues for the Council to address over the next 12 months in relation to its housing stock and associated assets.

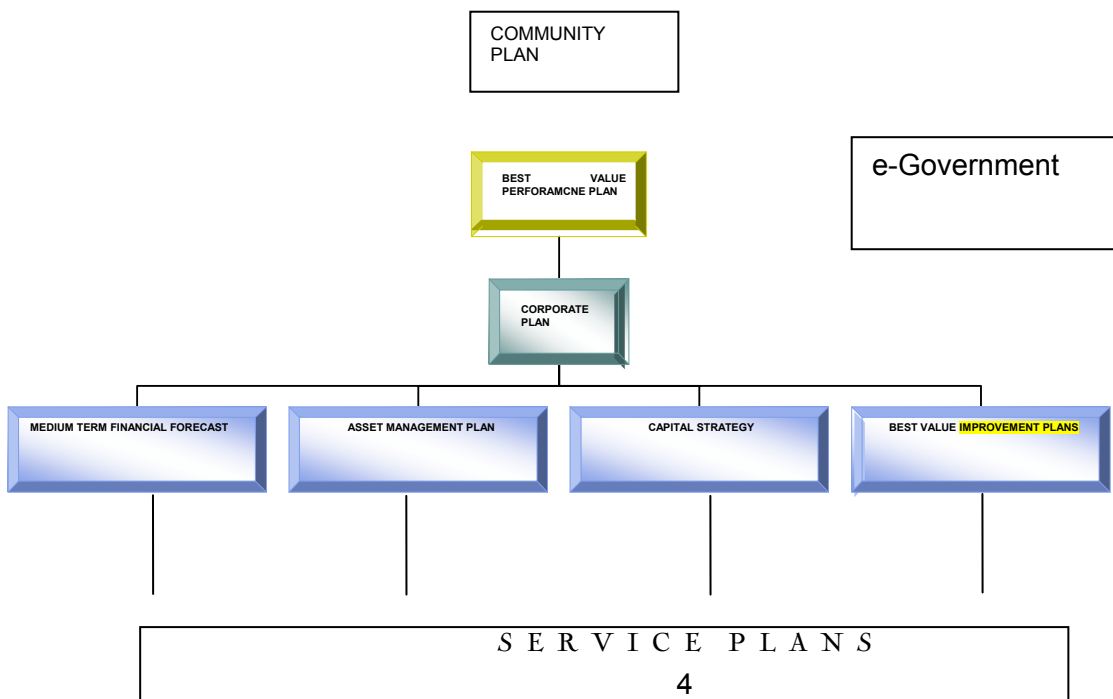
- E-Government

This involves a fundamental change in the way in which the Council delivers its services and is likely to have property implications, particularly in respect of office accommodation. In partnership with Worcestershire County Council, other district councils in Worcestershire and a private sector partner, a One Stop Shop proposal is being developed for front of office services along with the consolidation of back office services into one building. The target date for operation of the One Stop Shop is late 2004.

The City Council recognise that the way assets are managed is of corporate importance and essential for effective service delivery. The Capital Strategy and the Asset Management Plan are the key to helping the Council manage its assets. How these plans are integrated into the core systems of the Council is shown below:-

STATEGIC PLANNING FRAMEWORK

Table 1



1.3 **Best Value Reviews**

1.3.1 Some Best Value Reviews produce asset management implications such as redundant buildings or the need for improvements or repairs to buildings. Some examples of these and the action being taken are shown in the table below.

Property Implications of Best Value Reviews

Best Value Review	Service Improvements	Property Implications	Action Taken
Public Conveniences	Close little used toilets	Redundant buildings at: <ul style="list-style-type: none"> • Commandery Road • Astwood Road • Droitwich Road 	<ul style="list-style-type: none"> • Commandery Road toilet demolished and incorporated into open space land • Astwood Road –sold at auction making both a capital receipt for the Council and saving demolition costs. Sale of a disused public convenience was so unusual as to attract both regional and national media attention. • Droitwich Road toilets demolished and incorporated into open space land
Sport & Recreation	Improved facilities required at Swimming Pool and Perdiswell Leisure Centre. Improved Fitness suites required at 2 joint use centres.	Capital cost of maintenance and improvement works required.	Private sector investment attracted via contract arrangement to run Swimming Pool and Sports and Leisure Centre and franchising of fitness rooms at two joint use centres. £2m + of private sector investment attracted.
Car Parking	Additional car parking required in certain parts of City Centre with reductions in other parts. Improvements to St. Martin's Gate Multi-Storey Car Park.	New sites required or construction of multi-storey car park required.	Fund for replacement and improvements to multi-storey car parking begun with £1.3m receipt from sale of car parking in Tallow Hill area.

1.3.2 Of particular importance in this context is the Property Management and Facilities Management Best Value Review which was carried out in 2001. This did not seek to replicate issues which would be dealt with in individual Service Best Value Reviews but looked particularly at corporate issues such as investment properties, office accommodation, and the organisation of property management and maintenance.

The Review has developed and underlined a vision which has influenced the direction of the asset management strategy:-

To ensure that the Council's existing and future property needs are met by:-

- providing properties which are in a satisfactory state of repair and fit for purpose
- providing properties which are energy efficient and where running costs are kept as low as possible commensurate with their use and, where appropriate, their status as listed buildings
- having proper regard to service providers' plans and the encouragement of the efficient use of properties and technological developments
- managing investment properties in accordance with the Council's investment strategy so as to produce the best rate of return for the Council to invest in other services
- reducing the Council's office accommodation requirements over a period of 5 years to no more than 10 sq. metres net internal area per person
- consolidating office accommodation to improve public access to Council offices and services by 2005-6
- ensuring that all Council buildings to which the public have access are fully accessible by all members of the public
- ensuring that all buildings are provided with satisfactory security, caretaking and cleaning services
- disposing of properties which are surplus to requirements or do not meet the above requirements.

The Best Value Review produced a detailed 5 year Implementation Plan which has been approved by the Council. This is reflected in the Asset Management Plan. The Improvement Plan has recently been revised to reflect the new Corporate Priorities and available resources.

- 1.3.3 This Best Value Review has recently been subject to an inspection by the Best Value Inspectorate and the results of this are awaited.
- 1.3.4 The Council has, for some years, had some significant examples of joint use of buildings with Worcestershire County Council with a sharing of building and operational costs. There are two joint use sports centres shared with local schools and the main City Library (a County Council function) and the City Museum (a City Council service) share the same building. As mentioned above, the City and County Council are currently exploring a one-stop service centre as part of the e-Government initiative. This will be located in existing City Council premises, but provide both City and County services.
- 1.3.5 The Council is the lead authority for "Sure Start" within the City and is working jointly with "Sure Start" to secure improvements to a number of community centres within the City.

1.4 **Organisational Arrangements**

1.4.1 Member Level

- 1.4.1.1 The Council has operated a Leader and Cabinet Constitution since May 2002. The Cabinet comprises 6 Councillors and the Corporate Services Portfolio Holder was identified as the Cabinet Member with responsibility for property matters.
- 1.4.1.2 The Cabinet approves the Annual Asset Management Plan and monitors performance. The Cabinet also decides on any major acquisitions or disposals of land. The Cabinet has considered the Property Performance Indicators as part of its approval of this Asset Management Plan.
- 1.4.1.3 One of the Council's scrutiny committees, the Corporate Services Policy and Review Committee also has property issues within its remit. It appointed two councillors to the Best Value Team for Property Management and Facilities Management and received regular reports throughout that process. It has received regular six monthly reports on progress in implementing the Best Value Improvement Plan and drawn to the attention of the Cabinet various matters in relation to the implementation of that Plan. It has approved the revised Improvement Plan referred to in paragraph 1.3.2 above.

1.4.2 Officer Level

- 1.4.2.1 A key measure towards achieving the Council's objectives was the formation of the Corporate Asset Management Group known as the Capital Investment and Asset Management Working Party (CIAM) whose key terms of reference are set out below:-

TERMS OF REFERENCE OF CIAM WORKING PARTY	Table 2
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- To promote improved capital investment and asset management throughout the Authority.
- To produce a Capital Strategy and an Asset Management Plan designed to assist the implementation of the Council's Strategic Objectives as set out in the Best Value Performance Plan.
- To produce a Capital Investment Plan (Capital Programme) in accordance with the Capital Strategy, Medium Term Financial Plan and Budget Strategy, designed to assist the implementation of the Council's strategic objectives as set out in the Best Value Performance Plan.
- To monitor the implementation of the Capital Programme and Asset Management Plan on a quarterly basis and to review and amend the Plan for the following year.
- To be responsible for ensuring the Council's corporate responsibilities for its buildings and its "landlord-type" responsibilities are undertaken, leaving the individual service responsibilities for services.
- To maintain up to date and relevant data regarding the Council's property portfolio.
- To derive asset management implications from the Council's strategic objectives, Best Value Performance Plan and Corporate Plan.
- To obtain information from Service Departments, occupiers and Finance about future requirements from assets and review asset requirements in light of these.
- To maintain up to date condition surveys of all properties, categorising into four categories according to the state of repair and maintenance.
- To review asset requirements and financial implications in light of the condition survey.
- To agree and monitor performance indicators to maximise the performance of the Council's assets, having regard to the nationally agreed performance indicators.
- To consider what is required by way of benchmarking and to consider and review benchmarking information received by members of the Working Party.

CIAM is made up of representatives from across all Council services meeting at Head of Service level and is central to delivering the Council's Asset Management Plan. The Chief Finance Officer is also a member of the Working Party. The Director of Corporate Services who is a member of the Chief Officers' Management Team and thus involved in the Council's other corporate plans undertakes the role of Corporate Property Officer. He also undertook the Team Leader's role in the Property and Facilities Management Review. A major responsibility for CIAM is to produce the Asset Management Plan and ensure that it is approved by the Chief Officers' Management Team and the Cabinet. The Director of Corporate Services' role as Corporate Property Officer has been communicated widely across the Authority.

1.4.2.2 The Corporate Property Officer has assumed roles and responsibilities as recommended by the Government, namely:-

- Corporate responsibility for property and the development and maintenance of the AMP.
- Production of a strategy of property aims and objectives for asset use.
- Review of the Best Value Performance Plan and of the Authority's core objectives to identifying any property implications.
- Identification of future service property requirements.
- Monitoring of property performance and discussion with service departments' representatives.
- Identification of areas of mismatch and current provision and the development of innovative solutions to different ways of working.
- Review of projects already in development against service objectives to ensure that it is appropriate to proceed.
- Consideration of and actioning of any recommendations from external and internal audits or reviews.

1.4.2.3 In the period June 2002 to June 2003, the Working Party met on 8 occasions, discussing issues relating to the Asset Management Plan and Capital Strategy, the Capital Programme, building repairs, life time costings and identification of individual properties as surplus to requirements and arranging for their disposal. The Minutes of the Working Party are reported to and discussed at the Chief Officers' Management Team and where matters require a decision at Member level they are reported to the Cabinet for decision. The involvement of a corporate group of officers together with property specialists and finance expertise ensures that there is at all times an awareness of the specific needs and requirements of the respective services. Because of this and the comparatively small size of the Council's portfolio, the Council presently sees the concept of service department asset management planning as an unnecessary burden. The corporate working group ensures that opportunities for cross service use are addressed.

1.4.2.4 The Council continues to embody a corporate approach to its property portfolio with the Corporate Property Officer keeping strategic control over assets whilst the day to day management and budgets for delivery of service are with the service departments. The grey area of responsibility for condition and suitability for use etc., has been considered by the Best Value Review on Property and Facilities Management. Recommendations have been made to reorganise and amalgamate key teams under a head of property which will result in a more focused and proactive asset management service. This proposal has been partially implemented with the existing Development Projects Division being re-structured into a Maintenance Team, a Housing Team (which will transfer to the Housing Company if stock transfer proceeds) and a Facilities Team. The existing Property Management Team will be transferred to this Division by October 2003 and the four team leaders together with the Head of Property will then constitute a Strategy Team.

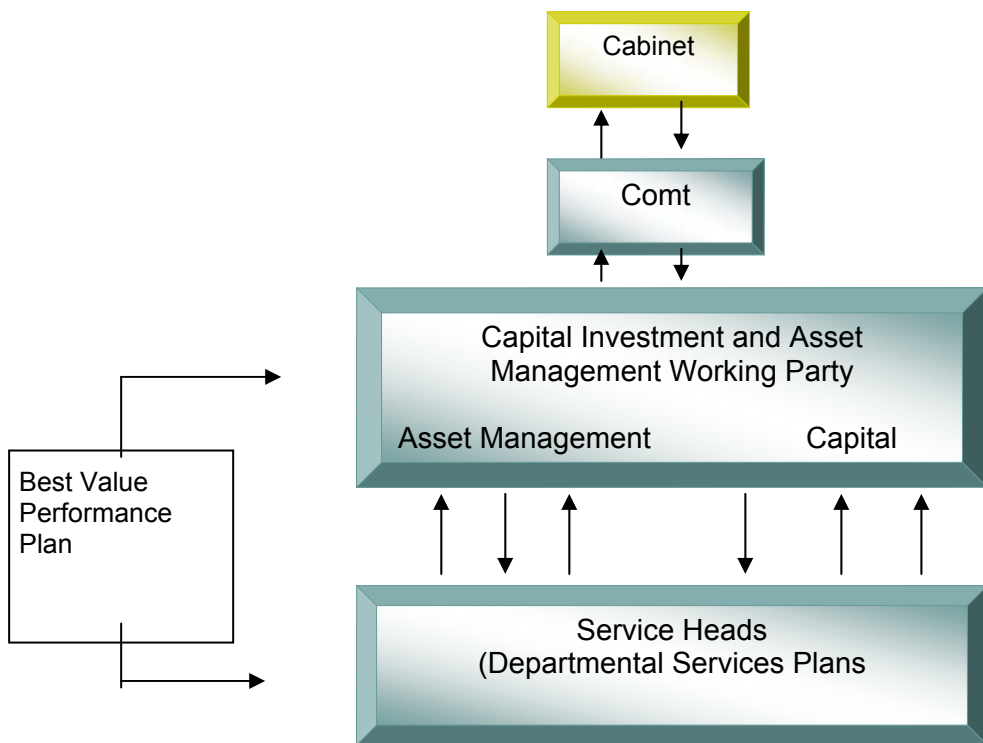
1.4.2.5 A re-structuring of the Council's senior management has recently been approved and will be implemented from 1st October 2003. This produces a flatter structure with a Chief Executive, Deputy Chief Executive and 9 Heads of Service including a Head of Development Services with responsibility for all property matters, planning and transportation. This post is likely to take over the Corporate Property Officer role.

1.4.2.6 Copies of this Asset Management Plan will be sent to all the Council's Chief Officers and Heads of Service, and Councillors and made available on the Council's Intranet.

SECTION 2: Consultation

2.1. The Council recognises that the views and needs of its stakeholders (the public in general, service users and the Council's employees) provide the foundation for any corporate plan. This is particularly true in terms of ensuring the appropriate and effective allocation of financial and property resources as part of its capital strategy and asset management planning processes.

CIAM provides a corporate vehicle for decision making regarding the management of property assets and capital investment at a strategic level. The composition of the working party ensures that the needs of service departments and stakeholders at the operational level are always fully understood but that such decisions are also made within the context of the Council's corporate aims and objectives as contained in its Best Value Performance Plan. This role is illustrated in the diagram below.



2.2 Regular On-going Consultation

The Council has an annual process for consulting employees about repairs and improvements which they consider are necessary to the Council's office accommodation. These views are taken into account in preparing programmes for maintenance and improvements for future years.

There is also an annual questionnaire by the surveyors in the in-house Building Maintenance Team to service departments to maximise levels of satisfaction with the services being provided by themselves and contractors. This continues to reveal high-levels of satisfaction with the in-house surveying teams and varying levels of satisfaction with work carried out by the contractors.

2.3 **Specific Consultations**

In the last 12 months the following specific consultations have been undertaken:-

- Follow up interviews with a number of respondents to the public questionnaires regarding perceptions of Council buildings visited.
- Further consultation with outside representatives regarding future use of the Guildhall.
- Further consultation with employees about the pilot office accommodation scheme at Orchard House.
- Consultation with employees about cleaning standards.
- Consultation with local residents about the future use of the Council owned site at St. Peter the Great.
- Public consultation on a possible development brief for Copenhagen Street car park.

The outcomes of these consultations are being taken into account in relation to the Council's future plans for the properties concerned e.g. detailed negotiations are now taking place on proposals to use the site at St. Peter the Great for a community centre, a church and social housing; the pilot office accommodation scheme is being pursued, taking on board issues which came out of the staff consultations, enabling the Council to relinquish the lease of the building at Marmion House. Issues about signage of Council offices raised in public consultation are to be addressed.

2.4 **Future Consultation**

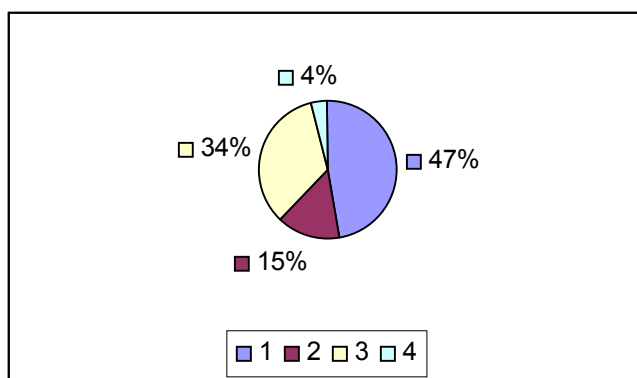
Further consultation is planned on the following:-

- Staff consultation to review success of the pilot office accommodation scheme after 6 months
- Consultation re proposals to be included in a Heritage Lottery Bid for the Guildhall.

SECTION 3: Data management

3.1 **Size of Property Portfolio**

3.1.1 A summary of the portfolio into the categories required by ODPM is set out below.



Key:

1. Operational
2. Non-Operational Investment
3. Operational – Other Land and Buildings
4. Non-Operational - Vacant

The classification of assets into groups is an important aspect of asset management as it assists in identifying the purpose for which the asset is held and its contribution towards achieving the corporate strategy.

3.1.2 A more detailed breakdown of the portfolio is given in Table 3 overleaf.

3.2.1 Having access to reliable and detailed information regarding the portfolio provides the key to decision making at both a strategic and routine property management level. Such information should include:-

- Running Costs broken down to the recognised property management categories, i.e. Rent, rates, maintenance, insurance etc
- Property management records; legionella, lift maintenance, electrical testing etc.
- Future maintenance and plant replacement programmes.
- Key data on floor and site areas, occupancy levels,
- Tenancy and income details (where appropriate)
- Key data on quantifying property by size,
- Narratives on property.
- Photo graphic record of properties.
- Key data on history; date built, planning, alteration details and dates, occupiers
- Tenure
- Asset value

Table 3

Summary of Property Portfolio

Operational/Other Land and Buildings

Type	No	G.I.A.(m2) Site area (h.a.)	Asset Valuation £million	Income £million	Maintenance Costs 2001/02 £million	Rent and Service Charge paid to Landlord 2002/03 £million
Offices	13	7791	3.9	N/A	0.201	0.28
Civic Hall	1	1210	3.0	N/A	Incl. in offices	N/A
Community Centres	9	3314	5.2	N/A	0.121	N/A
Museums	3	2468	2.35	?	0.085	N/A
Sports Centres	4	8991	7.15	?	0.118	N/A
Public Conveniences	9	579	0.76	N/A	0.024	N/A
Stores/Depots	4	4538	0.65	N/A	0.03	N/A
Crematorium	1	645	1.44	N/A	0.012	N/A
Multi-storey Car Parks	1	13120	3.36	0.44	0.026	N/A
Allotments	24 sites	24.22 h.a.	0.2	0.008	0.057	N/A
Surface Car Parks	17	5.6h.a.	7.9	1.87	0.008	N/A
TOTAL	86	42361 m2	35.91	2.318	.682	.28
		29.8 h.a				
Other Land and Buildings	28		0.74	0.144	0.014	N/A
TOTAL	28		.74	.144		

Investment

Type	No	G.I.A. (m2) Site area (h.a.)	Asset Valuation £million	Income £million	Maintenance Costs 2002/03 £million
Retail	41 (excludes 25 Hopmarket which is a separate charity)	3447	1.95	0.2	.015
Industrial Sites	16	4.47	0.99	0.088	
Miscellaneous	4	.7	0.415	0.116	.022
Offices	1	900	1.065	.093	
TOTAL	62	4347 (5.17)	4.42	.619	.037

Vacant/Surplus

Type	No	Site area (h.a.)	Asset Valuation £million	Income	Maintenance Costs 2002/03 £
Surplus	2	.06	0.018		
Land held for future development	6	12.78	0.87		
TOTAL	8	12.84	.89		

3.1.3 Two major issues over the next 12 months will be:-

- The effect on the retail investment portfolio of the transfer of the housing shops if stock transfer proceeds. Only four such properties will remain in the Council's ownership, since the Hopmarket Shops are owned by a separate Charity. Stock transfer will also have major implications for the office accommodation portfolio.
- The need to develop a formal strategy for the rationale for owning and for any concessionary leasing of the miscellaneous non- operational property.

3.2. Data Issues

3.2.1 Having access to reliable and detailed information regarding the portfolio provides the key to decision making at both a strategic and routine property management level. Such information should include:-

3.2.2 The validity of such information needs to be tested and updated on a regular basis. Verification of certain core property data e.g. costs, areas, usage is undertaken in connection with the Council's rolling programme of asset valuations.

3.2.3 In the past information relating to the Council's property portfolio has been fragmented between various stand-alone paper based and computer systems maintained independently by Finance, Building Maintenance and Property sections. For the purpose of informing the AMP and to facilitate the production of PPI's an integrated database has been developed linking the Council's Asset Register by use of a unique property referencing system with other maintenance and financial systems. The initial inputting of core property data has been completed and has enabled the collation of the relevant information for all assets relating to use, condition, running costs and value.

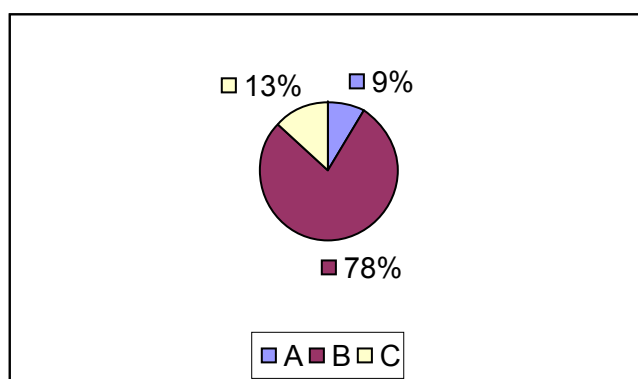
3.2.4 In the longer term the Best Value Improvement Plan has recognized that there is still a need for a combined property terrier and asset management system and a sum of £20,000 has been provisionally allocated for the purchase of a purpose written database. The establishment of a fully combined Property Services Division in October 2003 will also assist the improved co-ordination of all property management data.

3.2.5 To assist the identification of running costs for individual properties the Best Value Improvement Plan has also recommended the adoption of a property based cost centre accounting system. At present such costs are not always readily identifiable from other service costs. Members of CIAM in conjunction with the Chief Finance Officer are now developing a revised cost centre accounting system for both operational and non-operational portfolios for implementation in the next financial year. The availability of such information will assist future asset management planning decisions and the production of PPI's.

3.2.6 The digitisation of the Council's freehold land terrier has been completed and work is proceeding to cross reference this with the existing property data base. This process has provided an opportunity for the verification of all data relating to the Council's legal title. As a result the Council now has the benefit of a comprehensive resource of information regarding its property ownership. All property databases are based on UPRNs.

3.3 State of repair of the Portfolio

3.3.1 The condition survey of operational properties has been updated in the last 12 months and is used to develop the annual repair and maintenance programme. The vast majority of properties are considered to be in category A and B as shown in the diagram below with none in Category D and only 13% in category C.



3.3.2 In Autumn 2002 a decision was taken by the Cabinet to reduce maintenance expenditure in 2002-3 by £100,000 in order to meet an anticipated overspend in the Council's overall budget for that year. The budget has been reinstated to its original level in 2003-04 (despite cutbacks of £1.2 million in the Council's overall budget). However, the financial position has also necessitated a reduction of some £300,000 in the provision for backlog repairs contained in the Capital Programme. The implications of these reductions in repair and maintenance budgets have been drawn to the attention of the Cabinet and the Corporate Services Policy and Review Committee (Scrutiny Committee). A 5 year repair and maintenance programme is in the course of development. The Property Performance Indicators show a significant reduction in the overall amount of backlog repairs due to the fact that routine repairs to a number of buildings have been removed as a result of improvement proposals funded by third parties which are already agreed or anticipated e.g. Sure Start, Heritage Lottery Fund. Nevertheless, the Indicators show a significant sum of repairs required in the next 2 years.

SECTION 4: Performance Management, Monitoring and Implementation

4.1. The core national indicators for property performance measurement broadly measure condition, returns, running costs and administration costs. The key monitoring activities are shown at Appendix 1.

Work is continuing to improve the information available through these systems e.g. rent arrears.

4.2 The Council's performance against the national Property Performance indicators is set out in Section 6. This has been reported to Chief Officers' Management Team, the Corporate Services Policy and Review Committee and the Cabinet. As mentioned above both the Corporate Services Policy and Review Committee and the Cabinet have received reports on the repair and maintenance of the portfolio. The Cabinet also receives a quarterly report on the progress and performance of the Capital Programme.

4.3 Regular reports are also made to the Corporate Services Policy and Review Committee in respect of progress in implementing the Property Management and Facilities Management Best Value Review. This contains, inter alia, a number of local performance indicators e.g:-

- By Financial year 2005/06 to produce a rate of return for the investment portfolio equivalent to the IPD Index and within the top quartile for PPI 2 for the Council's Audit Commission Group.
- To reduce the average net internal floor area per office-based employee to 10 sq.m. by October 2006.
- To establish by 2006 and sustain planned maintenance works at at least 80% of total maintenance works.
- To improve client satisfaction levels in respect of building maintenance to not less than 90% by 2006.;
- To increase the level of funding secured from Heritage Lottery Fund and any other external sources for the repair, structure and improvement of the historic buildings in the Council's ownership with a view to receiving at least £500,000 of external funding in the period down to 2006.

4.4 Over the next 12 months, it is proposed to develop a number of local Performance Indicators which should assist to further refine the information available in the national PIs. These will be:-

- Running costs per sq. metre for each individual building.
- Management costs per sq. metre for each individual building.
- Percentage of rent collected from leasehold properties.
- Percentage of voids for leased properties.

- 4.5 The Council has undertaken a reorganisation of the existing Development Projects Group to enable it to identify more clearly with its core service delivery aims. It has been restructured into distinct operational units to reflect this. Within the group administering non-housing properties is a separate building maintenance unit and a separate facilities management unit. The facilities management unit will be pivotal in co-ordinating and monitoring the work the Council does across departments managing the property portfolio. Over the next year the unit will be developing systems which will further underpin the effectiveness of asset management monitoring.
- 4.6 As mentioned earlier in October 2003 the Property Section will amalgamate with the Development Projects Group to form a new Property Division. This will bring together most personnel working directly on property issues and will greatly assist the objective of improving the quality of property management within Worcester City Council.
- 4.7 Progress is being made against the targets set out in paragraph 4.3. In relation to office accommodation a pilot scheme to analysis the benefits of new ways of working (in an open plan environment) is well developed and should be implemented by September 2003. An evaluation will be carried out early in the new year to ascertain the benefits. It is anticipated on the strength of that evaluation that further modifications will be made to council offices to achieve a reduction of the internal area to less than 10m² per employee sooner than the BV Improvement Plan and therefore further new targets will be set. The Council has already purchased within the immediate proximity of its most effective building, additional office space which it will eventually use to effect this target. The building is currently leased and will produce a good investment rate of return for the Council until it comes into operational use.
- 4.8 The Council intends to benchmark its performance indicators with the Exeter Benchmarking Group.
- 4.9 During the year 2003-04, it is intended to commence a pilot scheme of "suitability" assessments, starting with the Council's operational properties. The assessment will be made through the service managers who occupy the target properties. The assessment will initially relate to the six current main office locations and is intended to assess the extent to which the property enables the occupants to deliver an efficient and effective service, the extent to which there is any surplus or deficiency of space, and whether modifications or improvements to buildings can improve the service..

SECTION 5: Programme and Plan Development and Implementation

- 5.1 The principal aim of the AMP is "..... to ensure that capital and revenue expenditure on the portfolio is directed efficiently and effectively to provide value for money". The Council holds property and invests in capital development projects with the aim of supporting and improving the delivery of services.
- 5.2 Through the medium term planning process, the key priorities of the Council feed the Corporate Plan and Services Plans through to individual targets determined in appraisals. Similarly, this "golden thread" connects key resources such as capital assets and capital finance programmes to the key objectives. It is the role of CIAM to ensure that it is clear how the Council's asset base is involved in implementing its stated aims.
- 5.3 The Council's property requirements are being continuously reviewed through the Best Value Review and Asset Management Planning processes with the intention of putting into place programmes to met those requirements and the Council's objectives. Subject to the availability of capital resources, the Council has developed a new starts schedule for a five year period. The major elements to this programme relate to the maintenance and improvement of existing Council assets, including some provision for building repairs, compliance with statutory requirements such as health and safety and disability discrimination, grants to improve private sector houses and historic buildings, the provision of a new City Centre Community Centre on a site already owned by the Council and improvements to the riverside area and housing association grants for the provision of social housing.
- 5.4 Each of the elements in the programme has an outcome target. For instance, the provision of a City Centre Community Centre is a long-standing policy commitment fulfilling the policy aim of enhancing the quality of life for the community and helping it to thrive. The outcome target is to provide by January 2004 and within the available budget a community facility which is efficient to operate and enables community based indicators to be developed. Whilst the target remains the same, an alternative means of provision is currently being investigated.
- 5.5 The programme has been developed using an option appraisal process which is set out in the Capital Strategy. The appraisal contains the following essential elements:-

- Feasibility of proposals
- Option appraisal
- Financial appraisal

5.6 The Capital Strategy contains a forecast of planned capital receipts for a five year period and the Strategic Capital programme set out in that Strategy is significantly dependent upon receipt of new capital resources each year. Specific funding has already been set aside from balances for some projects such as the City Centre Community Centre. Other than receipts from sale of Council houses (which will reduce accordingly if the Council transfers its housing stock) there is limited scope for additional sales. The vast majority of the Council's land holdings (particularly in the City Centre) are already in beneficial use and providing a revenue stream. If such sites are sold, substantial parts of any capital receipts have to be earmarked to protect the revenue stream either by providing an investment or other alternative income generator. In the case of any City Centre car parks, this revenue stream is substantially in excess of what could be achieved from alternative uses if they were sold.

5.7 Although not identified within its forward programme, during the past 12 months the Council has had the opportunity of acquiring a freehold office building which unexpectedly came onto the market as part of its long term strategy for rationalisation of office accommodation. In the short term this purchase also represents a sound financial investment for the Council in terms of the rental income received from the property. Negotiations are also currently in hand for the possible purchase of another neighbouring property which would secure the means of achieving the Council's aim of a single office location.

A summary of the Asset Management implications of the new strategic priorities is set out in Table 4.

5.8 The Council's programme for Riverside Improvements envisages the redevelopment of the existing Council depot in the Butts. However it is proving extremely difficult to find a suitable replacement site for the depot. If a site can be found, the costs of relocation would be funded from sale of the existing site, plus existing earmarked resources. Negotiations have however recently been concluded for the development of another strategic riverside site at Newport Street in partnership with an adjoining landowner.

5.9 The Council is making substantial progress in dealing with those assets identified as vacant or surplus to requirements. Action by way of use for other purposes or sale has been agreed in the majority of cases and is in the course of implementation.

5.10 Surplus properties are identified through:-

- Consideration of the property by CIAM Working Party when an existing use ceases
- The best value review process
- Consideration and review by CIAM Working party of properties not in beneficial occupation.

When disposing of any property the Authority will usually seek to obtain the highest possible price. Where appropriate the Authority seeks planning approval for alternative development (usually outline only) prior to the sale. Sales are undertaken by a combination of in-house staff and external agents.

5.11 During the course of the next 12 months it is intended that the CIAM develop a series of protocols and strategies for property procurement and disposal, space utilisation and property sharing with third parties.

5.12 The Best Value Improvement Plan requires that the performance of the Council's investment portfolio be kept under regular review and to ascertain the rationale for continued ownership of such properties. In view of the relatively few properties involved (i.e. excluding estate shops and the Hopmarket) it is proposed that this exercise be carried out to coincide either with the implementation of rent reviews/lease renewals etc., or at the time of the asset revaluation. If housing stock transfer proceeds, ODPM has advised that the housing estate shops will have to be included in the transfer, as they provide an income stream to the Housing Revenue Account.

5.13 Having regard to the difficulties in generating capital receipts, the Council has appointed a Grants Officer to increase the level of grant assistance from outside bodies towards the maintenance and improvement of the Council's listed buildings which presently accounts for over 20% of the Council's repair and maintenance budget and where significant additional expenditure on maintenance and improvements is desirable if it could be funded.

5.14 In connection with the proposed LSVT of the Council's housing stock a comprehensive review of the entire HRA portfolio has already been undertaken with a view to identifying areas of land and properties that might be excluded from the transfer particularly those sites having re-development potential.

5.15 The Authority undertakes relatively few acquisitions and these are always directly related to the implementation of a key priority, as in respect of the office block referred to above. In addition to this, the Authority is proceeding with a compulsory purchase order to acquire a derelict house and bring it back into habitable use in conjunction with a housing association partner. The Authority is also considering the possibility of using compulsory purchase powers to acquire part of a site for a much needed supermarket on the west side of the City. All the Authority's costs in relation to such a proposal will be underwritten by the supermarket.

Table 4

Corporate Objectives 2003-4 – Asset Management Implications

Corporate Objective	Asset Management Implications	Timescale	Responsibility
Tourism and Riverside Regeneration	Submit bid to Heritage Lottery Fund for the Commandery and Fort Royal Park	Bid July 2003 Commence improvements April 2004 Subject to approval of bid – complete by August 2005	Iain Rutherford/Mike O'Grady
	Submit Lottery Bid for Riverside Parks	Bid September 2003	Stuart McNidder
	Incorporate Hylton Road Office staff car park into Cripplegate Park and landscape accordingly.	March 2004	Stuart McNidder
	Review the current agreement with Arena Leisure and continue to work in partnership to secure a quality racecourse for Worcester.	June 2004	Philip Betts/Andrew Harding
	Submit Heritage Lottery Fund bid for Guildhall improvements with project plan.	April 2004	Philip Betts
	Implement DDA Improvements to Guildhall (Lift)	October 2004	Mike O'Grady
Economic Development and Transportation	Complete improvements to car parks: <ul style="list-style-type: none"> • St. Martin's Gate • Cattle Market/King Street 	By October 2003 By March 2004	Paul Kyte
	Complete development agreements for a number of sites including Elbury Mount and Newport Street.	March 2004	Andrew Harding
	Complete sale of land at Whitmore Road to Bromford Housing Association	March 2004	Andrew Harding
Clean, Green and Safe	Review plans to provide superloos in both the Cornmarket and Angel Place areas in light of on-going development plans in each area.	March 2004 – subject to the regeneration of Lowesmoor/re-development of Crown Passage.	Mike Harrison/Andrew Harding
Customer Focus	Reach decision on how to provide a City Centre Community Centre	Summer 2003	Alan Stuttard
	Conclude negotiations for the development of St. Peter the Great site.	September 2003	Andrew Harding
	Complete 65% of the City Council's DDA Work Programme	By March 2004	Ian Forrester

	Project manage Sure Start funded building projects at Elbury Mount, Tolladine and Dines Green	Completion dates: October 2004-March 2005	Linda Tomlinson
	Produce a project plan to deliver the Customer Services Centre by March 2005 in line with Worcestershire Hub Project.	By September 2003	Customer Services Project Manager
Financial Prudence and Value for Money	Relinquish lease of Marmion House and move staff into Orchard House	August 2003	Mike O'Grady/Andrew Harding
	Consolidated all office staff into new Orchard House complex, utilising revised space standards, home-working and hot-desking and vacate Farrier House as soon as possible.	October 2004	Mike O'Grady/Andrew Harding

SECTION 6: Performance Indicators

ASSET MANAGEMENT PLAN
PROPERTY PERFORMANCE
INDICATORS

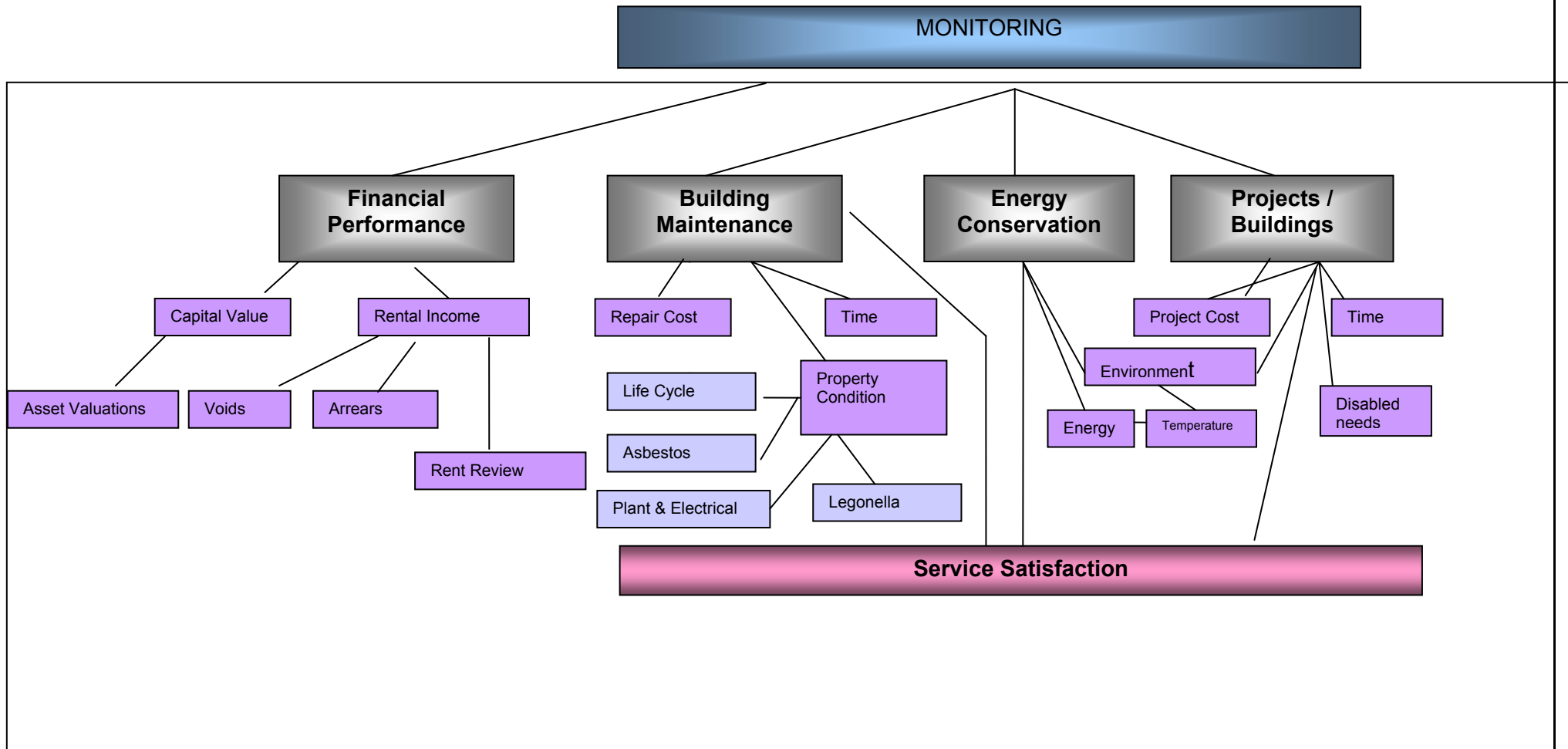
Indicator 1A	Operational Repair Bldg	Non-Op Repair Bldg	Indicator 1B	Operational Repair Bldg	
Gross floor space - m2	42,361	4,988	Backlog costs	£1,805,849	
% in Condition A	9%	0%	% in Priority level 1	0%	
% in Condition B	78%	100%	% in Priority level 2	68%	
% in Condition C	13%	0%	% in Priority level 3	32%	
% in Condition D	0%	0%	% in Priority level 4	0%	Priority level 4 omitted 2002/03

Indicator 2A,B,C		
Average IRR - Industrial	13.00%	
Average IRR - Retail	15.85%	
Average IRR - Agriculture	n/a	

Indicator 3A		Indicator 3B		Indicator 3 (2002/03 onwards)	
Gross Floor Area m2 - Operational	42,361	Gross Floor Area m2 - Non-Operational	4,988	Combined Floor Area m2	47,349
Operational Management Costs/m2	£12.61	Non-operational Management Costs/m2	£15.48	Combined Management Costs/m2	£12.91

Indicator 4		
Gross floor space - Operational	42,361	m2
Repair & maintenance Costs	£14.57	£ per m2
Energy Costs	£5.51	£ per m2
Water Costs	£1.49	£ per m2
CO2 Emissions	0.0381	tonnes per m2

Indicator 5A	Indicator 5B	On time		On Cost	
		yes	no	yes	no
Cost Predictability	Time Predictability	From Key Targets sheets:-			
Number of projects completed within the year	Number of projects completed within the year	Housing 8nr projects (6101B, 6184 to 6190 inclusive)			
10	10	0	8	7	1
% of Projects within +/-5% of estimated out-turn	Projects within +/-5% of estimated out-turn	Non-Housing 2nr projects (6181 & 6194)			
90%	10%	1	1	2	0
		10%	90%	90%	10%



MONITORING