WARWICK DISTRICT COUNCIL

Asset Management Plan

JOHN WHITTLE F.R.I.C.S

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FOREWORD

The Council's AMP is the corporate document detailing its asset management arrangements, changes already put in place and planned action to improve corporate asset use. The process provides the means by which the Asset Management Steering Group (A.M.S.G.) is able to define and provide for the longer-term corporate needs and challenge existing asset use. The AMP document sets out the key objectives for the medium-term property interests in its operational and non-operational land and buildings.

The Council's Chief Executive and the Leader of the Council jointly 'Champion' asset management. The Leader is also the Portfolio Holder directly responsible for asset management.

This Corporate AMP has been prepared in consultation with the Asset Management Steering Group (AMSG), which is coordinated by myself as Corporate Property Officer.

This Corporate AMP applies only to property assets and excludes highways and transport infrastructure, vehicles, plant and equipment. Furthermore, it excludes assets falling within the remit of the Housing Business Plan.

The preparation of this Corporate AMP encompasses the Council's vision which is:-

"We want Warwick District to be Safe, Healthy, Fair and Prosperous, now and in the future."

Our Corporate objectives to support our vision are:-

"Manage our services openly, effectively and efficiently" in three key areas:

Environmental

i) Improve our services to provide a cleaner & greener environment

ii) Promote & contribute to a safer & healthier community

Economic

i) Support a prosperous mixed economy

ii) Enhance the culture of the area

Social

i) Meet the housing need

ii) Target resources to the areas of greatest need

The Community Plan has been up-dated and it will run to 2020.

John Whittle F.R.I.C.S.
Head of Property Services and Corporate Property Officer for Warwick District Council

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1 ORGANISATIONAL ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT

Community Resources Directorate - Property Services Unit

1.1 The Property Services Unit is within the Community Resources Directorate which comprises Leisure, Housing, Finance and Property (Units which manage all the Council's property related services).

1.2 The Property Services team is 'pivotal' in the day to day management of the Council's corporate property assets having the following responsibilities:-

- advising on the setting and subsequently monitoring the repair and maintenance budgets
- responding to repair requests and organising maintenance work
- undertaking feasibility studies
- implementing improvement and new build programmes
- project management
- energy management (monitoring all fuel usage/computerised controls to operational Corporate Buildings and also for grouped Housing complexes.
- monitoring income (from investment assets)
- advising on disposals and acquisitions (leasehold and freehold)
- valuations
- rent reviews, lease renewals, assignments
- answering general property related queries
- appointing and monitoring the performance of external property consultants and contractors

1.3 As Head of Property Services, I manage the Property Services Unit and personally manage/oversee the major building works projects. I also monitor the Corporate property new build, repair and maintenance budgets. In addition, I have the role of Corporate Property Officer (CPO) to co-ordinate Asset Management matters.

1.4 I am supported by Don Sykes - Business Manager, Chris Makasis - Estates Surveyor, Tony White - Principal Building Surveyor and Mark Perkins – Energy Manager. There are also a further 13 staff within the team.

1.5 The Valuation Office, working in partnership with the Council since October 2000, provides external property advice to the Unit. It has the following key responsibilities in relation to non-operational assets:

- inspections - to ensure that the use of the assets accords with lease terms, planning policy, the law etc.
- asset reviews - to ascertain alternative uses (including re-development and disposal opportunities)
- large scale disposals and acquisitions
- major lettings
- major valuations
- general advice as required

1.6 Property Services does not have direct responsibility for initiating requirements for additional operational assets. However, it does liaise with the Client Departments in providing proposals for the Asset Management Steering Group (A.M.S.G) on such matters.

The Corporate Property Officer (CPO)

1.7 As Corporate Property Officer (CPO) I am responsible for co-ordinating and organising the work of the AMSG and its liaison with other Corporate Groups. Whilst the responsibilities of the CPO are shown overleaf a key requirement is to ensure that there is a programmed and planned approach to dealing with corporate property and that it is effective.

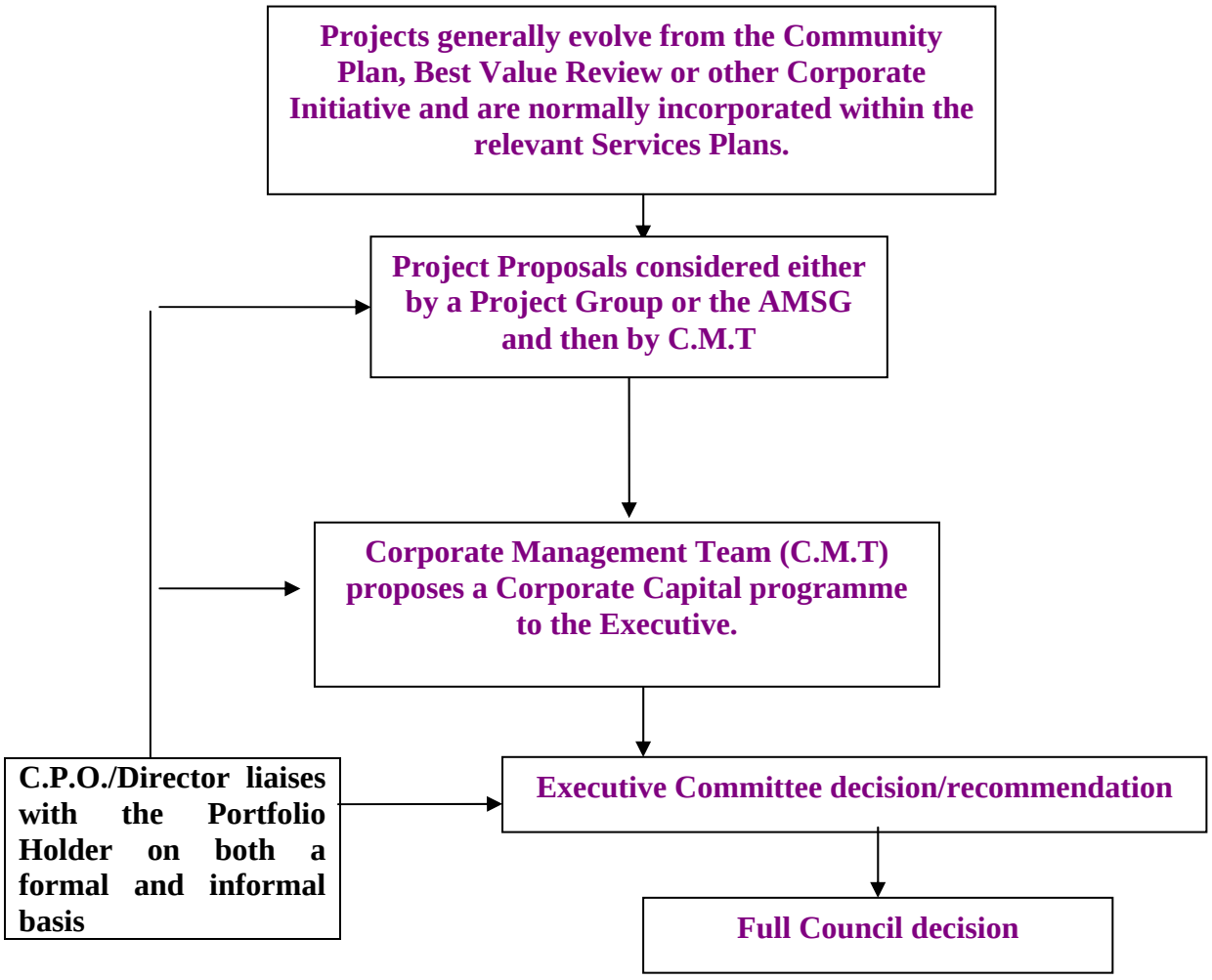
1.8 It should be noted that the CPO also attends meetings of the Capital Evaluation and Monitoring Group (C.E.M.G) , which oversees the Capital Strategy to ensure optimum communication on asset related matters and facilitates the management of anticipated changes referred to in 1.7.

The Asset Management Steering Group (AMSG)

1.9 The AMSG was established in November 2000 and first met January 2001. It has formal terms of reference. The Group comprises members from each of the Council's key service delivery areas and is responsible for monitoring the corporate asset management process. The AMSG meets monthly to discuss a full agenda of asset management related issues. The structure and responsibilities of the AMSG are shown overleaf. It works closely with the Capital Evaluation and Monitoring Group whose chair, the Strategic Finance Manager, is also a member of the A.M.S.G.

1.10 The AMSG recognise the importance of ensuring that it embraces the Council's wider objectives i.e. Community Plan, Corporate Capital Strategy, E-Government, Best Value Planning and Modernisation generally. It is for this reason that the AMSG comprises a 'multi-disciplinary' Officer Team.

1.11 The diagram below seeks to illustrate the role of the AMSG in considering a Project Proposal that may flow from a Best Value Review, Community Plan or other Corporate initiative.



C.M.T is the key co-ordinating Unit that provides the link between Operational and Strategic management. It comprises the Chief Executive and 3 Strategic Directors, who also head Operational and Support Directorates.

1.12 The main corporate objectives are:-

- To ensure that the Council's non-investment property assets are provided and used to meet the current and future needs of the individual service users and to maximise the ability to meet the Council's Key Priorities.

- To ensure that the Council's investment portfolio of property is actively managed to meet the identified required level of financial return in support of the delivery of the Council's Key Priorities.

- To ensure the efficient, effective, economic and sustainable use of new and existing assets in delivering services and meeting the Council's key priorities.

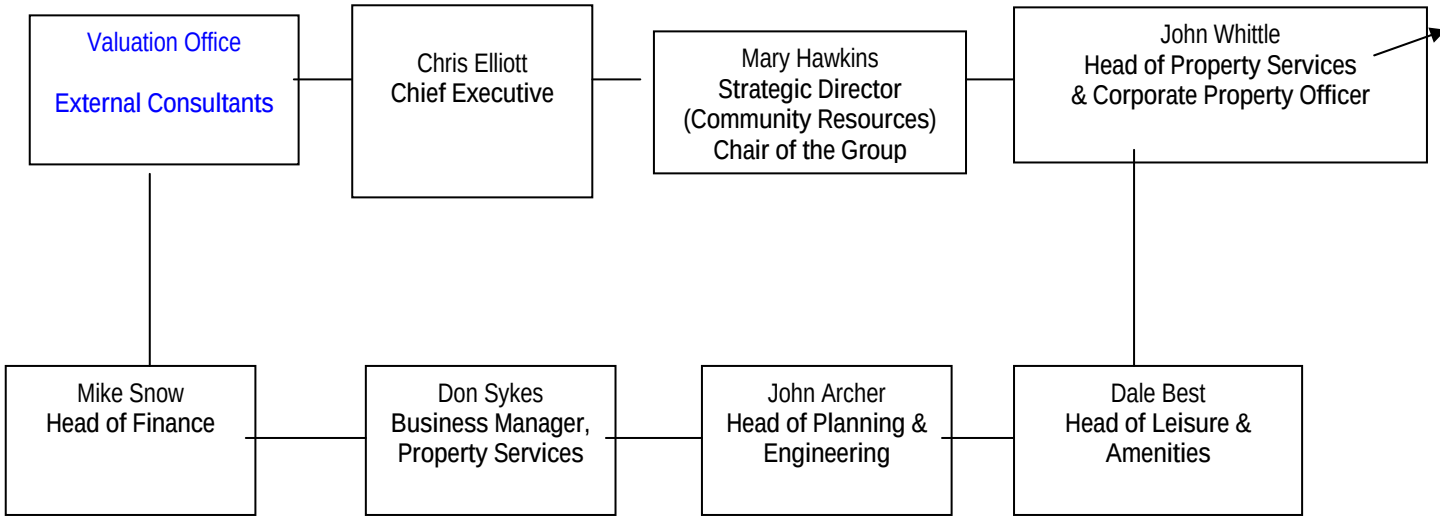
- The close inter relationship between the A.M.S.G, C.E.M.G and the C.M.T has resulted in a clear understanding by the Unit Heads that the Council's assets are corporately owned and are to be used for the Corporate benefit. This understanding has been extremely encouraging and bodes well for the future.

Property Asset Implications

1.13 The Strategic Director (Community Resources) and myself ensure that all Property Asset implications arising from the Capital Strategy, Best Value Plans/Reviews, LPSAs and the Community Plan are carefully evaluated by the AMSG and fed back into the draft policies and strategies for consideration by the Corporate Management Team, Portfolio Holders and subsequently the Executive.

The charts on Page 3 (1:11) and Page 11 (5.3) along with paragraph 1.11 make reference to these processes.

WDC ASSET MANAGEMENT STEERING GROUP (8 Members)



Responsibilities of the Corporate Property Officer

- Co-ordinating input from the AMSG members into the overall AMP preparation procedure.
- Encouraging the cross-flow of information between the members of the AMSG
- Ensuring that the asset management objectives are being implemented by the Council's service teams
- Organising the agenda items
- Attending meetings of the Capital Evaluation and Monitoring Group
- Reporting every other month to the Audit and Resources Scrutiny Committee and producing reports on Asset related issues to the Executive
- Monthly meeting with the Portfolio holder

The AMSG implements a structured, pro-active approach to asset management and makes recommendations to the Corporate Management Team via the Chair, Mary Hawkins, Strategic Director (Community Resources).
Responsibilities include:

- Meeting on a monthly basis
- Initiating frequent property reviews to establish fitness for purpose and higher value uses
- Evaluating possible acquisitions and disposals in consultation with service departments assessing assets from Financial, Strategic and Community benefit perspectives.
- Ensuring implementation of the Asset Management Plan
- Ensuring that the Asset register is satisfactorily maintained
- Evaluating Capital Project proposals that affect the Council's Assets

2 CONSULTATION

2.1 Since the submission of the '2002' Corporate AMP, the AMSG has taken further steps to improve the various types of consultation in relation to asset utilisation, with a view to:

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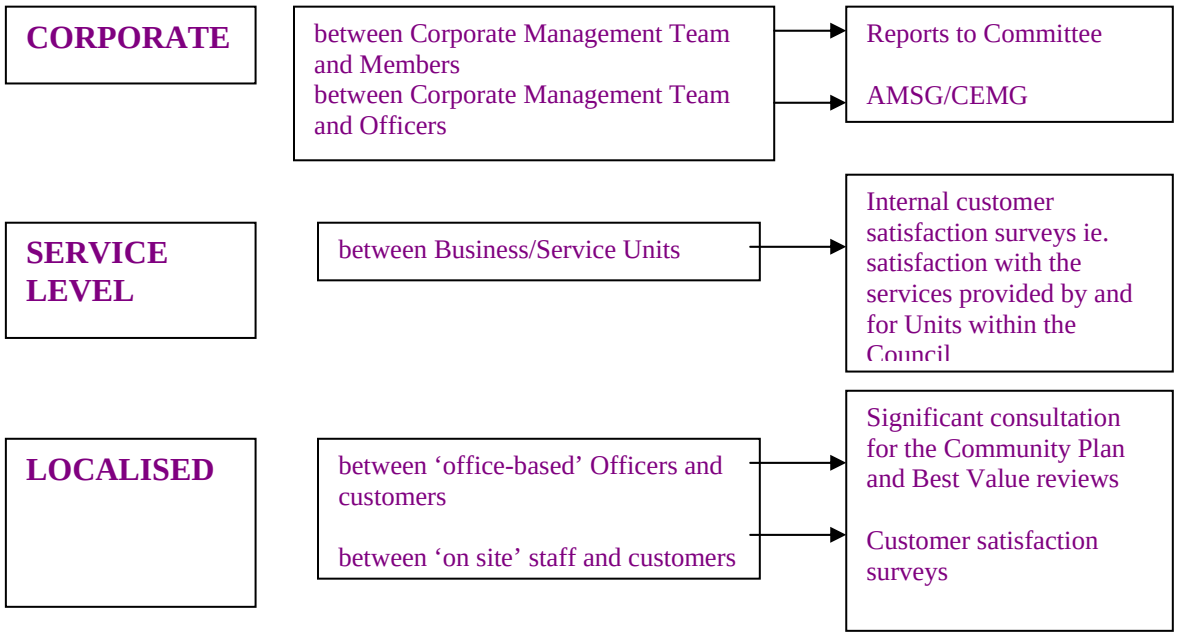
- additional information required
- ensuring that relevant asset related feedback is properly considered by the AMSG
- establishing areas where additional consultation is required
- spreading a greater understanding of the significance of asset utilisation throughout the authority

2.2 Asset-related consultation is being undertaken at the following levels:



2.3 Localised consultation includes the Council's Citizens Panel (1000 members of the Public), surveys of various types, open days/exhibitions/road shows, questionnaires, opinion polls are evaluated with a view to influencing the continuous improvement of property to ensure it is fit for purpose and to appraise the performance of Property Services generally.

2.4 In respect of service level consultation, Property Services issue a questionnaire to the Building/Asset Managers ie. those overseeing the assets that provide a direct point of contact with the public. Such assets include – swimming pools, leisure centres, recreational centres, the civic offices, cemeteries and crematorium etc. The questionnaire includes the following questions:

1. how many customers visit the building each week?
2. is the location of the building satisfactory?
3. does the physical condition of the building prevent its proper use?
4. is adequate space available?
5. how will the building cope with possible future changes in service delivery?
6. does the building restrict the Council's ability to move forward as a service?

There are also 3 formal meetings per annum between the Property Services Unit and Leisure, who manage all the operational property except the Council's offices. Their Building Managers are present to convey any problems and aspirations for the future.

2.5 The AMSG has been extremely pleased with the responses received from the questionnaire as the following issues have been raised for attention:

- the extent to which the alterations and improvements could improve service delivery
- opportunities to improve some of the assets through investment/re-development
- considering expansion needs and how these might be accommodated
- items of general maintenance

Each Building Manager has a dedicated Building Surveyor as a direct contact to liaise with on maintenance and improvement issues.

2.6 Where issues relating to the condition of assets have been raised by Building Managers, they have been addressed. Requests for improvements have been considered for inclusion within future programmes.

2.7 AMSG has the opportunity to comment on any proposed Customer Satisfaction surveys to ensure that relevant Building/Asset-related questions are included.

2.8 Tenant Satisfaction surveys are also undertaken with our Leaseholders.

3 DATA MANAGEMENT

Development of a Property Management System (PMS)

3.1 A Land & Property Gazetteer has been installed, which amongst other things will provide a Corporate UPRN.

3.2 A Geographical Information System (G.G.P) has been installed and a management programme has been introduced for its development.

3.2 A Property Management System has been acquired. The 'Archibus' system was purchased from Mass-Systems and has a comprehensive data base that can store information on a range of estate management issues for both Operational and Non-Operation Assets such as Lease/Licence details, Rents, Valuations, etc. and generate a variety of reports. In addition the system has modules for Routine Maintenance, Contract Monitoring, Energy Management and Performance Indicators.

Asset Register

3.4 The Council has an Asset Register providing a list of all Council owned assets and relevant details relating to them. The Register is within the 'ownership' of Property Services who make revisions to it when details change. The Register has been updated to incorporate the CIPFA asset categories plus a category for surplus/disposal potential property.

3.5 The Register has enabled the extraction of 'context data' about the Council's Corporate Property asset base.

3.6 The Asset Register gives each asset a 'guardian' in terms of the Business/Service Unit that is responsible for its management.

Stock Condition

3.7 The total budget provision for Building and M & E for Corporate Property for 2006/07 is £1.244 m.

3.8 The latest stock condition survey of all our non-commercial corporate properties was completed in March 2004. The surveyors were required to assess each property in relation to the O.D.P.M. criteria The survey showed that in general our Corporate Property was fit for purpose. The repairs have been prioritised up to 2008/09 when a further survey will be undertaken.

4 PERFORMANCE MANAGEMENT, MONITORING AND INFORMATION

4.1 Good processes are in place for ensuring a corporate overview is taken of property matters and monitoring progress on projects, by the regular meetings of the AMSG and Capital Evaluation and Monitoring Group (C.E.M.G) and their liaison with the Corporate Management Team.

Monitoring

4.2 It is important that asset management matters are monitored on a regular basis and the CPO ensures that all relevant matters are brought to the attention of the AMSG at its monthly meetings as well as being reported to the Audit and Resources Overview and Scrutiny Committee.

4.3 Whilst a 'corporate' level involvement will continue to be maintained at all times, the AMSG will also report to the Corporate Management Team via the Chair.

4.4 Performance monitoring of pPIs is done by a combination of the Strategic Director of Community Resources, who has overall responsibility for the Directorate's performance, the Service Unit, A.M.S.G, C.E.M.G, C.M.T and, ultimately, by Audit and Resources Scrutiny Committee, depending on the type of problem e.g. Poor performance on a project would be C.E.M.G; poor collection of rent (by the Finance Unit) would be the Property Services Unit and then the Scrutiny Committee; void properties would be the Service Unit and A.M.S.G and possibly Scrutiny Committee if it was thought there could be a long term problem. A four year target programme is in place for some pPIs, whilst others are set annually to seek to achieve such improvements.

Fit for Purpose

4.5 Information by way of both questionnaires, formal and informal meetings is being received from Stakeholders, in particular Commercial Property tenants and operational Building Managers, that will help identify whether property is satisfactory for its purpose, if it should be re-categorised or whether it should be sold.

4.6 Stock Condition Surveys also help in this assessment.

Health and Safety

4.7 Operational Building Managers are responsible for compliance with H & S requirements at their premises including procedures for Work Permits, adherence to C.D.M. Regulations, public access matters and structural, electrical and mechanical safety assessments. Property Services assists them as necessary. Service Heads are responsible for ensuring that risk assessments are undertaken for staff working at our operational premises.

5 PLANNING AND IMPLEMENTATION OF PROJECTS

5.1 The Council employs a comprehensive methodology for the identification, at a local level, and appraisal at a corporate level of proposed capital projects and the acquisition and disposal of assets. Council Projects come mainly from "Planning for Real" exercises, Best Value Reviews, the Community Plan and stakeholder initiatives. These become Corporate Objectives and are embodied in the Capital Strategy. Any Corporate proposals involving property arising from the Capital Strategy are put to the Council's Asset Management Steering Group for its comments.

Future requirements to enable facilities to continue to be "fit for purpose" and improve are mainly identified from Consultation and Survey Work. This is primarily undertaken in conjunction with the Community Plan, Best Value Reviews, Customer Satisfaction Surveys, consultation with Members and Building Managers e.g. Sport Centre Managers.

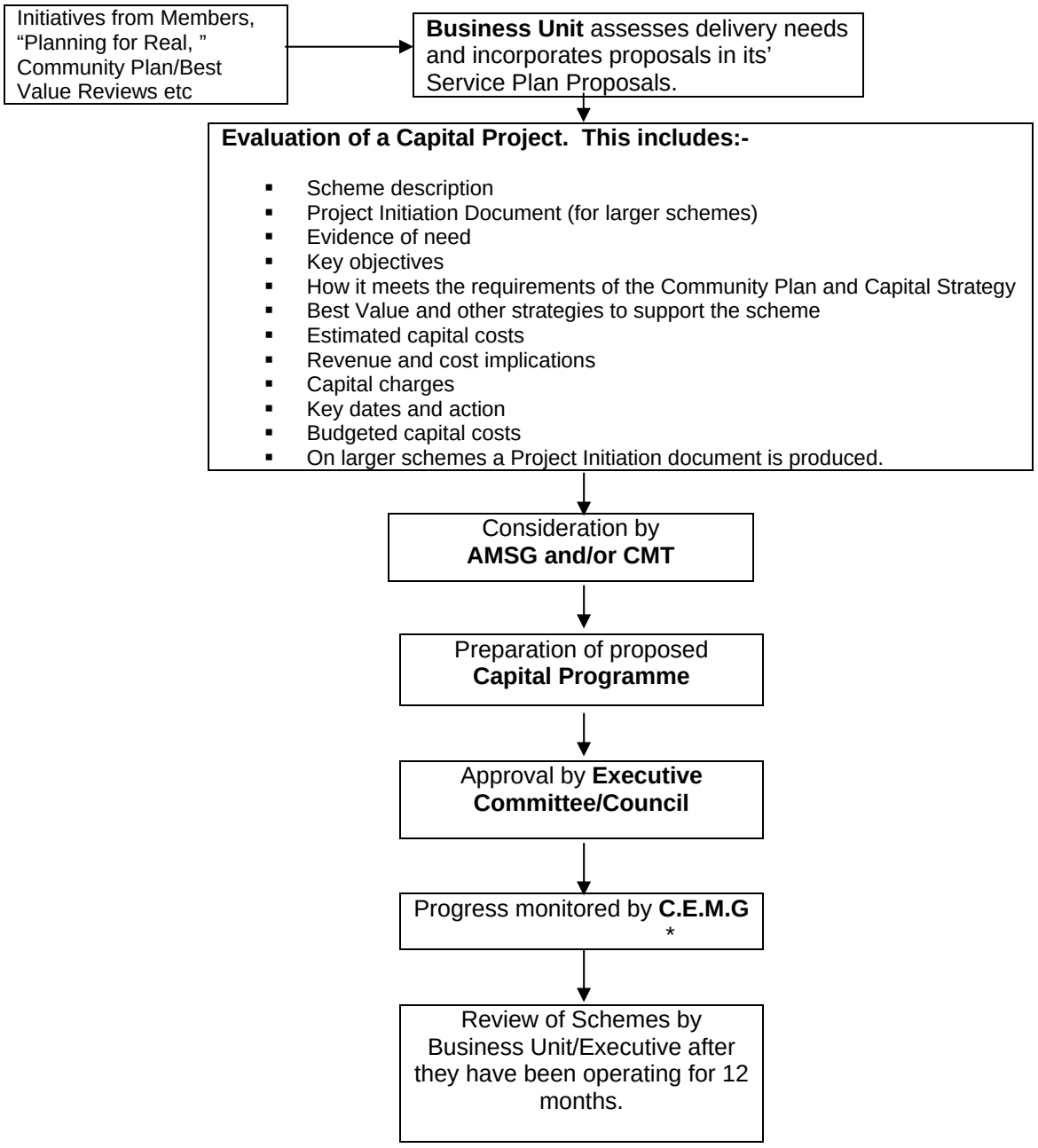
5.2 '**GAPS'**

The process whereby the investigating and analysis of 'GAPS' takes place initially with either the 'local' manager or from surveys of which there are various types. The former would be the case where for example a Crematorium Manager identifies a need for larger chapels and more car parking, whereas the latter might follow an asbestos, DDA or stock condition survey. Proposals to address these 'GAPS' would then be included in the appropriate service plans and evaluated by the CMT and AMSG.

The process of prioritising is currently done by the CMT who assess the merits and otherwise of the various bids in relation to the Corporate Strategy and in particular the Top 21 targets. Additional considerations are operational benefits, efficient facilities and revenue implication. The actual bids will come through the Service planning process which covers 3 years on a rolling basis. Final approval is then sought from the Executive for the more major items.

Corporate Capital Programme (2006/7 -2010/11)

The Capital Programme for 2005/6 to 2009/10 has been updated by the Executive to incorporate schemes approved following appraisal of the 2006 Service Plans



* CEMG monitors progress on a 2 monthly basis.

5.4 Current property related matters include :-

(1) evaluating each operational property within the Corporate Property portfolio in terms of investment value, community benefit, strategic value and financial need. (2) the utilisation of space within operational properties. (3) Stock Condition and Asbestos Surveys. (4) Improvements in relation to the Disability Discrimination Act and operational Buildings generally (5) Joint venture work with WCC, Regenesis, Police, Health Authority etc.

Key Objectives - How the Council can best use its resources to meet its aims and objectives

5.5 Key items currently under consideration or part implemented are:-

1) Regeneration of the Old Town:

   a) the re-development/assignment of the URC and redevelopment of the old 'dole' office site
   b) the re-development of the Court Street area for either a mixed use scheme or as part of a wider re-generation project (Waterside)
   c) upgrading 8 Railway Arches next to Court Street.
   d) building an Innovation and Enterprise Centre (A.I.E.C.) at Althorpe Street.

2) St Mary's Lands.

3) Regeneration of Kenilworth Town Centre.

   a) Talisman Square – improving access road to allow for major new retail development
   b) Public Service Centre – integrated facility for services in the town
   c) Future of Wilton House – sale and redevelopment of site linked to the public service centre

4) Implementation of the Car Parks Strategy.

   a) Covent Garden Car Park extension
   b) Possible re-development of Chandos Street Car Park
   c) Possible re-development of Bedford Street Car Park

5) Office space management

   The Council continues to undergo significant change in its approach to customer service. A best value review complemented by significant investment in new IT systems will result in a number of property changes such as:-

   a) integrating where possible its current one stop shops and community surgeries with the County Council's libraries to create joint facilities.
   b) introducing hand held sets meaning more work can be undertaken on site or at local offices meaning greater potential for hot desking for some staff.
   c) creating lettable space at Riverside House
   d) evaluating the future use of the Town Hall in Leamington

6) Financial needs of the Council in respect of disposals of property.

7) Continuing the evaluation of operational property

Disposal of Assets

a) Surplus to Requirement

5.6 If a property is no longer required by a Business Unit, its future is firstly discussed between the relevant Strategic Director and Property Services and subsequently with the AMSG and Corporate Management Team.

5.7 At this point the availability of the asset is 'advertised' throughout the Council to give other Units and Teams the opportunity to express an interest. This lateral communication and co-ordination is essential to prevent the disposal of an asset by one service Unit that could have been utilised by another.

5.8 A report is then prepared by the 'disposing' Service Head in consultation with the C.P.O and presented to the Executive with recommendations. Subjects to the Committee decision, Property Services would then be instructed to action a disposal. Otherwise, the asset would be placed on a surplus asset list held by the Property Services Unit.

b) General Disposals

5.9 The AMSG is pro-active in identifying disposal opportunities. In considering disposals, the Council takes into account the investment return, strategic retention, community benefit and financial need.

c) Capital-driven

5.10 Where a disposal is driven by the capital programme i.e. The need to achieve a capital receipt C.M.T would consult formally with the AMSG explaining the situation and requesting it reports back to them with options.

General Fund Expenditure Resourcing (2006/7 – 2010/11)

5.11 In order to achieve the required existing and new capital expenditure the Council is reliant upon funding from three key sources:

- Revenue contributions
- Capital Investment Reserves
- Capital receipts

5.12 The importance of generating capital receipts through the use of Council assets is clear. The receipts statement is monitored on a 2 monthly basis by the C.E.M.G that reports to the Corporate Management Team. The Council considers it has a proven track record in achieving capital receipts from disposals and partnership arrangements and that it has been efficient in their corporate re-distribution across the Council to ensure that new capital projects can proceed.

5.13 Furthermore, the need to continue to work with partners in both the public and the private sector is essential. Whilst not exhaustive, our partners include the following:

- Warwickshire County Council
- Warwickshire Police
- South Warwickshire Energy Efficiency Programme
- Commercial tenants
- Heritage Lottery
- ODPM
- Chamber of Trade
- Warwickshire College
- South Warwickshire Tourism
- Carbon Trust
- Valuation Office
- Primary Care Trust

6 PERFORMANCE INFORMATION FOR 2005/06 (figures in brackets relate to previous year)

pPI 1 **CONDITION OF OPERATIONAL ASSETS:**

ODPM Categories A -D

The Council has for sometime taken property maintenance seriously and the latest stock condition survey of our corporate property was completed in March 2004.

It is estimated that all our key operational property falls within the OPDM's categories A & B.

A is defined as Good - Performing as intended and operating efficiently - and B as Satisfactory - Performing as intended but showing minor deterioration. There are two other categories, C and D.

pPI 2 **JUSTIFICATION IN FINANCIAL TERMS FOR RETAINING A NON-OPERATIONAL INVESTMENT PORTFOLIO**

Overall average Internal Rate of Return (IRR) for the industrial, retail and agricultural investment property Portfolios. = 6.23% (6%)

A re-valuation of the Council's Corporate Portfolio took place during 2004/05 and increased the value of our assets by approximately 36.28%. As a result the IRR reduced from 9.51% to 6%.

p PI 3 **TO MEASURE THE COST AND EFFICIENCY OF PROPERTY SERVICES PROVISION**

Our estimation of management costs is as follows:-

Total annual management costs per sq m (G.I.A) for the property portfolio: £7.50/m^2 (£7.06/m^2)

This comprises £10.75/m^2 (£10.57/m^2) for operational property and £3.20/m^2 (£2.37/m^2) for non-operational property.

The increase for non-operational property has largely resulted from the inclusion of the D.V's, our 'partners' costs being in the Unit's budget.

p PI 4 **TO ENCOURAGE THE EFFICIENT USE OF ASSETS OVER TIME AND YEAR-ON-YEAR IMPROVEMENTS IN ENERGY EFFICIENCY.**

A - Repair and maintenance costs per m2. B. Energy costs per m2 and C. Water costs per m2. and D. CO_2 emissions in tonnes of carbon dioxide per m2.

The Council received an Energy Management Accreditation in November 2002 and all our electricity is now produced from 'Green' sources. The Council also received a very good assessment from the Carbon Trust who rated our Energy Management at 82%, the highest mark they had given to any organisation at that point in time.

The running cost information based on a m² of floor area for our 10 major buildings is as follows:-

PROPERTY	FLOOR AREA SQ.M	REPAIRS & MAINTENANCE £	REPAIRS & MAINTENANCE /M2 £	ENERGY (GAS & ELECTRIC) £	ENERGY/m2 £	WATER £	WATER /M2 £
Newbold Comyn Leisure Centre	2739	158,810	57.98	67,132	24.51	13,838	5.05
St. Nicholas Park Leisure Centre	2751	104,571	38.01	60,512	22.00	5,145	1.87
Abbeyfields Swimming Pool	2283	44,821	19.63	26,603	11.65	5,426	2.38
Royal Pump Rooms	4493	58,746	13.08	52,042	11.58	1,140	0.25
Royal Spa Centre	2890	37,121	12.84	31,934	11.05	1,878	0.65
Oakley Woods Crematorium	983	28,395	28.89	20,980	21.34	239	0.24
Riverside House	7352	75,660	10.29	62,881	8.55	5,589	0.76
Town Hall	2325	34,132	14.68	15,682	6.75	474	0.20
Castle Farm Sports Hall	1722	5,446	3.16	7,800	4.53	779	0.45
Jephson Gardens	1179	12,187	10.34	25,447	21.58	2,129	1.81

Average costs A) Repair and Maintenance costs £19.50/m^2 (£14.91/m^2) B) Energy costs £12.92/m^2 (£10.27/m^2) and C) Water costs £1.28/m^2 (£1.14/m^2) D) CO_2 emissions 0.052 tonnes/m^2 (0.055 tonnes/m^2)

CO_2 emissions for our 10 major buildings are as follows:-

Asset	ELEC Kwh	GAS Kwh	TOTAL Kwh	Co2 Emissions Kg	Floor Area (Internal) Sq.Mtr	KG Co2 PerSq.Mtr Floor Area
Newbold Comyn Leisure Centre	629,654	1,823,761	2,453,415	346,515	2,739	127
St. Nicholas Park Leisure Centre	566,228	1,578,849	2,145,077	299,981	2,751	109
Abbeyfields Swimming Pool	22,359	1,177,458	1,199,817	223,717	2,283	98
Royal Pump Rooms	577,226	1,047,915	1,625,141	199,104	4493	44
Royal Spa Centre	289,586	708,287	997,873	134,575	2,890	47
Oakley Woods Crematorium	390,596	0	390,596	0	983	0
Riverside House	1,113,446	480,493	1,593,939	91,294	7,382	12
Town Hall	158,998	278,153	437,151	52,849	2,325	23
Castle Farm Sports Hall	69,645	182,213	251,858	34,620	1,722	20
Jephson Gardens	197,636	616,744	814,380	117,181	1,179	99

pPI 5 RENT COLLECTION

a) Rent collected in the year from the Council's Corporate Properties as a percentage of the rent due for that year.
97.8% (98.5%).

b) Rent collected in the year as a percentage of potential rent collectable if all the Council's properties were let 96.7% (97.5%).

pPI 6 VOID PROPERTIES

Percentage of commercial properties that have been void for over 12 months 0.76% (0%)