



**Winchester**  
City Council

Asset  
Management  
Plan

**Draft**

2004

# Winchester City Council

# Asset Management Plan

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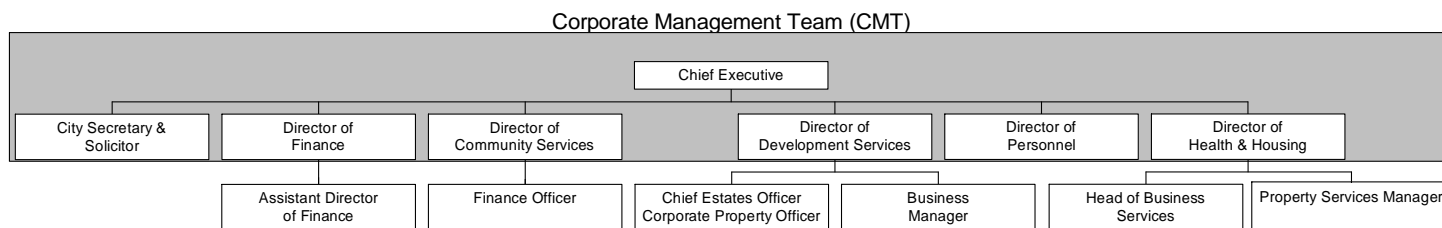
## Introduction

- 1.1 This is the fifth Asset Management Plan prepared under the new single capital pot guidance. As a district authority the Council has a modest property portfolio compared to those held by unitary and county authorities. The 2002 Asset Management Plan was submitted to the Government Office for the South East [GOSE] and it was assessed as 'good'. As a result there is no requirement to send further plans to GOSE, given the importance of good asset management the preparation of a plan has continued. The format and contents has changed to reflect that which is most useful to the authority.
- 1.2 The plan continues to recognise that in order to justify holding property assets they need to serve the needs of the Council. Changes in the management of assets take place over a period of time and this plan is part of that process adopting as it does a five year time span. Real property assets are increasingly recognised as important elements of service delivery be that direct or indirect. Equally income from non-operational property helps finance the Council's work.
- 1.3 The broad policy framework within which the Council's property is managed is contained within the Property Policy Statements. These statements cover the purpose for holding assets and principles regarding lettings, disposals, review and maintenance. These statements were reviewed by the Corporate Management Team and by the Cabinet as part of the consideration of the annual Property Portfolio Report in 2002. This plan suggests a minor addition reflecting an audit recommendation.
- 1.4 Within the Council's Corporate Strategy the Council seeks to use resource management to help maintain budget stability. This objective reinforces the policy statements and is taken into account when decisions are made concerning property assets.
- 1.5 The Council's Capital Strategy document set out capital spending for 2004-05 of £12.428 million including a significant investment in the improvement of the Council's own housing properties, new Social Housing through the Housing Investment Programme and in other property transactions.
- 1.6 The Council is at the early stages of two large property related projects, the Broadway Friarsgate development and developing new civic offices. The Council also has plans for major improvements to the River Park Leisure Centre and the Guildhall. In partnership with Hampshire County Council the Council is contributing towards sporting facilities in Swanmore and the redevelopment of the Jewry Street Library as a new Cultural Centre. A comprehensive survey of Abbey House will be undertaken in the next year to inform and help plan the repairs and improvements over the plan period.
- 1.7 The Council's Community Strategy is still in a draft stage the officers preparing the Community Plan are consulted on asset management matters and this report reflects the contents of the draft plan.

## 2 Planning and Consultation

- 2.1 The Corporate Management Team appointed the Chief Estates Officer as the Council's Corporate Property Officer [CPO] who is supported in this role by the Capital Programme and Assets Group [CPAG]. This corporate group has been active in overseeing the production and delivery of capital and asset management planning. Officers on the group represent a balance of central and service departments, the

chart below sets out the membership and reporting lines. Terms of reference are included as Appendix 2



Capital Program and Assets Group (CPAG)

### **Organisation Chart Capital Programme and Assets Group**

2.2 As well as the standing members the group has a correspondence group of other stakeholders comprising of Best Value Officer, Assistant City Secretary (Legal), Assistant Director of Finance (Support Services), Head of Engineering Services and Director of Finance whose expertise is called on from time to time.

2.3 The findings and recommendations arising out of the Best Value reviews are fed through the CPAG which ensures that if there is a property implication it is brought within the scope of the capital programme and the asset management plan.

### **3 Reporting to Members and Corporate Management Team Consultation**

3.1 Each of the Service Directors with responsibility for day to day management of operational property have been asked regarding the use of each property asset, its fitness for purpose, any planned changes to that asset and any desirable changes.

3.2 The following Operational buildings were identified as causing concern as to their fitness for purpose and condition;

- ❖ Fort Brockhurst museum store – remote and in poor condition
- ❖ North Walls Pavilions – design and defects make replacement desirable
- ❖ Friarsgate Car Park – top floors not useable refurbishment overdue
- ❖ Tower Street Car Park – water penetration problems
- ❖ City Offices – Insulation poor and high heat gain - heating needs improvements
- ❖ Jewry Street Public Conveniences – Both mens and womens dated and require upgrading
- ❖ Abbey House – fire precautions works, roof and external fabric
- ❖ Tower Street Public Conveniences – In need of an upgrade / relocation
- ❖ River Park Leisure Centre – plant replacement and roof repairs

3.3 A comprehensive Property Portfolio report, prepared by the Corporate Property Officer was submitted to the corporate management team and the Cabinet during 2002. This reported details of the Council's property interests under the following headings:

- ❖ Role of Corporate Property Officer
- ❖ The Operational property portfolio
- ❖ The Non-Operational property portfolio
- ❖ Maintenance Repair and Condition

- ❖ Use of Asset Management Plan Performance Indicators
- ❖ Review of Property Policy Statements

3.4 The CPO in the preparation of this plan considered feed back from senior officers including the formal reports noted in paragraph 3.1 above. Between plan periods the CPO consults with the Cabinet member with responsibility for Finance and Resources on both a formal and informal basis.

#### 4 Portfolio Data Management

- 4.1 The Council's non-housing property records are held within a Microsoft Access database known as 'PropMan'. The database is both a record system and a management tool, it has 383 individual property entries. The database has considerable flexibility in form design, data fields and report generation. The flexibility of this system has enabled preparation of the data for the Performance Indicators.
- 4.2 The IT Client Section has developed the Council Land & Property Gazetteer (LLPG) to BS7666. The Winchester LLPG contains National Unique Property Reference Number from the National Land & Property Gazetteer (NLPG) maintained by Intelligent Addressing on behalf of the IDEA.
- 4.3 The Council is expanding the use of CAPs Uniform suite of databases and the Estates module has been added with a migration of data planned for 2004, once complete the 'PropMan' database will be retired.
- 4.4 The Council's map based ownership records often called the 'Terrier' are held in digital form as overlays to digital Ordnance Survey maps. The Council uses Autodesk software to access and amend these overlays which act as an index to the Deed Register. This data will also transfer to the CAPs system. The actual deeds are held in the Council's secure archives under the control of the City Secretary and Solicitor. Scanned copies of the maps and plans attached the deeds, will in time also be accessible through CAPs.
- 4.5 Data on energy consumption is being collated using specialist energy monitoring software provided by SystemsLink. The Council is moving towards central group billing arrangements which should be in place once the electric and gas supplies have been re tendered. This is expected to lead to savings in administration costs. The software will enable the monitoring of energy use to be significantly improved and for information to be emailed direct to building managers.
- 4.6 The Council has joined with a consortium of electricity buyers lead by Hampshire County Council which has lead to price reductions from Autumn 2002.
- 4.7 The desk top assessment of the condition of the Council's property assets has been undertaken using a four category assessment; A=Good, B=Satisfactory, C=Poor and D=Bad.
- 4.8 The vast majority of the Council's property can be considered in Good or Satisfactory condition. This being said the Council's liabilities for repairs and the 'backlog' for all properties other than Council Dwellings is estimated to be around £4.16 million. The majority of this cost is in a few major properties such as Friarsgate car park and the River Park Leisure Centre where there is provision within the capital programme to meet these costs. The split by grading is as follows, these figures are split between operational and non-operational in Appendix 1.
- 4.9 In order to be able to undertake the Discounted Cash Flow valuations required for the Internal Rate of Return Performance Indicators 2 A and 2B a valuation software package Virtual Investor by Circle Systems has been employed. This is a flexible valuation programme used by many of the major property investing institutions and firms of valuers. This software has been used for all asset valuations from March

2003 with the exception of Council Housing and properties valued on a depreciated replacement cost basis.

- 4.10 Rental and other payments due to the Council are raised as invoices through the Council's corporate debtor system administered by the Director of Finance. The Estates Department has direct access to the system to view the information and check on individual cases but does not raise invoices or alter the information.

## 5 Performance Monitoring and Measurement

- 5.1 The Council's portfolio can be considered in two main parts Operational and Non Operational Property. The category of Non Operational Property has been broken down further in the table below 6 which also gives numbers and example property.

<b>Asset</b>	<b>Number</b>	<b>Example</b>
Community Assets	7	Teg Down Meads – Playground
HRA properties	118	Compton Post Office/Stores
General Fund Properties	134	North Walls Indoor Bowls site
Core Investment Properties	61	Free Street Industrial Site

### **Non-Operational Property Assets**

- 5.2 Producing meaningful local indicators of performance PIs that meet the requirements of stakeholders has proved to be a difficult task. Since 1993 the Council has developed Key Performance Indicators KPIs which monitored the performance and management of the portfolio as a whole and in more detailed performance measurement of the Core Investment Properties. Some of these local indicators have been replaced by the national ones and to avoid wasteful duplication KPIs which existed up until 2002 have been replaced or adjusted. These performance indicators have in the past been reported to the Government Office of the South East. It is thought that in future that some they may become 'statutory' Best Value indicators.
- 5.3 Sources of reliable benchmark data for local performance indicators are difficult to find. The Council is currently liaising with the Hampshire Estates Officers Group and the South East Branch of the Association of Chief Estates Surveyors [SEACES]. These groups are collating the national performance indicators and analysing these in family groups.
- 5.4 The local indicators are
- Voids as a percentage of properties to let
  - Rent arrears as a percentage of Commercial property income
  - Percentage of RTB valuations completed within 4 weeks
- The indicator of number of properties per property manager has been dropped as it did not provide a robust indication of efficiency.
- 5.5 The local and the 13 national Performance Indicators [PIs] are contained in Appendix 1.

## 6 Asbestos Management

- 6.1 The Council has a duty under the Control of Asbestos at Work Regulations 2002 to manage asbestos in buildings under its control. The Council has an asbestos strategy and has employed specialist contractors to undertake part two surveys of all appropriate buildings. A part two survey involves taking samples where an asbestos content is suspected but does not involve opening property up.
- 6.2 The surveys will be completed by the middle of 2004 and a management regime is being developed to ensure that anyone who works on a building with asbestos present is aware of its location.
- 6.3 Whilst the surveys to date have not identified any serious problems it will be desirable to remove some asbestos as well as marking and managing or encapsulating some in situ.

## 7 Programme Development

- 7.1 The Capital Programme and Assets Group will co-ordinate future investment in property assets in parallel with the Capital Programme, reflecting available resources. Central to this will be a new method of assessing spending priorities which reflect the Council's Corporate Strategy. The capital strategy in provides details as to how the capital programme is to be developed. The capital programme is monitored on a bi monthly basis by the group.
- 7.2 In general terms the Council's property is in good condition. There are however works required at the Friarsgate car park, River Park Leisure Centre and City Offices. These will all require capital works within the 5 year planning period. Programming of works needs to take into account other development considerations and contractual obligations. With redevelopment proposals that include the Friarsgate site mean that there will be a delay before the car park is either demolished as part of the scheme or refurbished.
- 7.3 The Office Accommodation report has identified the costs of maintaining the Council's office stock over the next 15 years and an estimation of the cost to improve City Offices. When considering the Office Accommodation scoping report it was agreed than no major works would be undertaken unless specifically authorised. The only major works have been to the basement and reception areas in Avalon House and City Offices linked to the customer service initiative. Subject to the agreement of the project appraisals funding for these works will be from site sales and the capital programme.
- 7.4 The condition of the Council's public conveniences was identified as a problem 4-5 years ago and the capital programme adjusted to provide for a rolling programme of improvements. The timing of individual improvements has needed to be adjusted to take account of planning difficulties.
- 7.5 The Heritage Best Value review, which is in progress, has already identified the property assets as a constraint to the current operations but also a potential resource. The Council has agreed with Hampshire County Council to invest in the joint provision of a new Cultural Centre in Jewry Street Winchester.

## 8 Property Review

- 8.1 The Council has consistently had a very low level of vacant and void properties less than 1% of rental income. In 2003-04 this percentage rose due to the end of the lease at Athelstan House and the holding of 9a Parchment Street prior to redevelopment works The only operational building vacant is a former public conveniences located

within a car park where a disposal would not be in the interest of good estate management.

- 8.2 When a property is declared surplus by the operating service or an externally let property becomes vacant then its future is reviewed. A decision to dispose of the asset is always considered as an option along with consideration of its strategic importance, its letting potential and the need for capital investment before it can be brought back into use.
- 8.3 This process was recently carried out with Durngate House where the options for its future use were explored in reports to Members before a preferred option agreed upon.
- 8.4 With the pressure on staff resources it has not been possible to undertake formal property reviews of the whole portfolio.

## 9 Plan Outputs

- 9.1 By interpreting existing condition information and following reviews of the major properties a 3-5 year estimate of capital required for repairs and maintenance has been prepared and incorporated in the capital programme.
- 9.2 The process of collection of performance data is an ongoing task. In the early years most of the available time has been spent collecting the data. In future years there will be more time to interpret the data. This being said the internal rate of return figures confirm the previous total return figures in showing a rate of return greater than that enjoyed from other Council investments such as in LAMIT, or from interest on cash deposits at around 4%. The reduction in return from 2003 reflects a hardening of prices in turn reflecting that property is an attractive alternative investment in times of low inflation.
- 9.3 Other than from Right to Buy Sales there is no programme of property asset disposals mainly as the Council has few surplus operational properties and the loss of rental income following a disposal of non-operational assets would have an adverse impact on the revenue budget. There is however anticipation that at least £150,000 a year will be realised from the disposal of surplus assets and other incidental property interests. This policy will be reviewed in response to the changes in the funding by grant of social housing.
- 9.4 During the plan period there will be opportunities to increase the Council's revenue income from particular properties, especially those let on long leases. Each opportunity will be followed and negotiated on its merits.

## 10 Plan Monitoring

- 10.1 The key issues that the AMP is addressing are summarised as follows
  - Establishment of and refinement of reliable benchmarks that link with the local and national performance indicators
  - Linking the Community Strategy review recommendations into the plan
  - Linking the maintenance programme for major buildings with the Capital Programme projections
  - Setting a programme to continue to garner the views and requirements of service users



10.2 The Capital Programme and Assets Group will be responsible for monitoring the AMP in consultation with the Corporate Management Team. Councillors have considered and approved this document at a meeting of the Cabinet. The monitoring of the performance indicators will take place by way of reports to the Central Services Performance Improvement Committee.

Development Services  
Estates Department  
July 2004

## Appendix 1 - Property Performance Indicators 2004

National Indicator	2003		2004		Comments
1A) %age gross internal floor space in condition categories A-good B-satisfactory C-poor & D-bad	Operational	Non Operational	Operational	Non Operational	No change in year
	A 1.91%	0.00%	A 1.91%	0.00%	
	B 97.74%	92.92%	B 97.74%	92.92%	
	C 0.35%	7.08%	C 0.35%	7.08%	
	D 0.00%	0.00%	D 0.00%	0.00%	
1B) Backlog of maintenance by cost expressed i) as total value and ii) as a % in priority levels in 1 urgent 2 essential and 3 desirable	Operational	Non Operational	Operational	Non Operational	
	% £000s	% £000s	% £000s	% £000s	
	1 0.0 0	0.0 0	1 0.0 0	0.0 0	
	2 57.9 1636	2.5 15	2 55.4 1886	6.5 50	
	3 42.1 1190	97.5 575	3 44.6 1519	93.5 708	
	<b>2826</b>	<b>590</b>	<b>3405</b>	<b>758</b>	
2) Overall average internal rate of return (IRR) for each of the following portfolios:					
A) Industrial 'Investment' Property	14.25%		12.26%		
B) Retail 'Investment' Property	9.73%		9.53%		
C) Agricultural 'Investment Property	N/A		N/A		No agricultural investment properties held
3) Total annual management costs per sq.m (Gross Internal Area) for the property portfolio [Strategic Management]	£0.88		0.96		Includes consultancy on Office project
4A) Repair & maintenance cost per sq m Gross Internal Area for operational buildings	£4.10		£6.04		Excludes costs met by DC Leisure at River Park LC. Increase reflects works at Guildhall and Office Accommodation.

4B) Energy costs per sq m GIA (gas, electricity, oil solid fuel) for operational buildings	£3.74	£	Final bills awaited
4C) Water costs per sq m GIA for operational buildings	£0.97	£	Final bills awaited
4D) CO2 emissions in tonnes of carbon dioxide per sq m	0.0419 tonnes	tonnes	Final bills awaited
5A) % of projects where outturn falls within +/- 5% of the estimated outturn, expressed as a %age of the total number of projects completed in the financial year. (Comparison of estimated outturn project costs at "commit to invest" with actual outturn costs at end of defects liability period)	50%	100%	.
5B) % projects falling within +/- 5% of the estimated timescale, expressed as a %age of the total number of projects completed in that financial year.  (Comparison of estimated timescale against actual timescale)	100%	83%	Minor delays on Denmead Sewage Treatment Works

Local Indicators	2003 figure	2004 figure	Target	Comments
Voids as a percentage of properties to let	<1%	5.54%	<1%	Measure of Efficient use of Asset. Temporary increase due to void in a major office building during the year
Rent Arrears as a %age of commercial property income [30 days + arrears]	3.1%	3.03%	3.5%	Measure of Efficient Management of Income
%age Right To Buy Valuations completed within 4 weeks	93.0	93.3%	100%	Efficiency Indicator. Target not met as appointments to inspect not always possible to arrange in the period

**APPENDIX 2**  
**CAPITAL PROGRAMME and ASSETS GROUP**

**TERMS OF REFERENCE**

1. To produce a capital strategy for approval by CMT and Cabinet and update this on an annual basis.
2. To over see the strategic management of all Council assets.
3. To promote the best use of assets, identify surplus and/or underperforming assets and review their use.
4. To review the production and implementation of the Asset Management Plan.
5. To keep the capital programme under review.
6. To consider issues of priority, resources and funding for capital schemes within the capital programme - reporting findings and recommendations to CMT.
7. To review all capital project appraisal bids and/or agreed programmes being referred to CMT.
8. To monitor progress on the capital programme and produce regular monitoring reports for CMT, Cabinet and Performance Improvement Committees.
9. To produce an annual capital performance monitoring report.
10. To keep under review the methodology that is used by the City Council to assess and categorise capital bids and to identify criteria to be taken into account.
11. To explore new funding sources for capital projects.

**Current Membership**

Assistant Director of Finance (Accountancy), Corporate Property Officer [Chief Estates Officer], Head of Business Services (Health & Housing Dept), Head of Contracts and Property Services (Health & Housing Dept), Business Manager (Community Services Dept), Projects Manager (Development Services Dept)

**Method of Working**

Bi-monthly meetings.

Reports to CMT.

Reports to Cabinet.

Reports to Performance Improvement Committees