

AGENDA MANAGEMENT SHEET

Name of Committee
Date of Committee

The Cabinet
7th September 2006

Report Title

**Corporate Asset Management Plan
 Performance Indicator Report**

Summary

The Cabinet is asked to approve the Asset Management Plan Property Performance Indicators, subject to any necessary last-minute amendments the Head of Property might deem necessary in consultation with the Resources Portfolio Holder. The Indicator Report was considered by the Resources, Performance and Development Overview and Scrutiny Committee who's views are included in the report.

**For further information
 please contact:**

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 Asset Management Plan
 Co-ordinator
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 rebeccacouch@warwickshire.gov.uk
 No

***Would the recommended
 decision be contrary to the
 Budget and Policy Framework?***

Background papers

CONSULTATION ALREADY UNDERTAKEN:-

Details to be specified

Other Committees

Resources, Performance and Development Overview and Scrutiny Committee .

Local Member(s)

.....

Other Elected Members

O&S Spokespersons:
 Councillor D.Booth: Observations taken into account
 Councillor G.Atkinson: Observations noted
 Councillor R.D.Hicks:

Cabinet Member

Councillor A.J.L.Cockburn: Approved for consideration

Chief Executive

.....

- Legal via Sarah Duxbury: Observations incorporated
- Finance via Charles Holden: Observations incorporated
- Other Chief Officers
- District Councils
- Health Authority
- Police
- Other Bodies/Individuals

FINAL DECISION YES: BY CABINET

SUGGESTED NEXT STEPS:

Details to be specified

- Further consideration by this Committee
- To Council
- To Cabinet
- To an O & S Committee
- To an Area Committee
- Further Consultation

Cabinet 7th September 2006

Corporate Asset Management Plan Performance Indicator Report

Report of the Strategic Director of Resources

Recommendation

That the Cabinet

- (1) approves the Corporate AMP Performance Indicator Report at Appendix A to this report.
- (2) agrees that in the event of any last-minute amendments being necessary, they be made by the Head of Property in consultation with the Resources Portfolio Holder.

1. The County Council was granted a "Good" category by the Government Office West Midlands (GOWM) for its 2002 Asset Management Plan (AMP). The Office of the Deputy Prime Minister (ODPM) has advised that this year the Council is required to produce only the Property Performance Indicator data.
2. This data is embodied in Appendix A, which is expanded and compared to previous years at Appendix B. The Cabinet is recommended to approve Appendix A as part of the Corporate Asset Management Plan process following guidance from ODPM in 2003.
3. In the event of any last-minute amendments being necessary, it is suggested that they be made by the Head of Property with the agreement of the Resources Portfolio Holder.
4. Corporate AMP submissions were returned in July 2001 and 2002. In 2003, 2004 and 2005 only the Property Performance Indicators were required to be submitted.
5. The documentation is held electronically for easy access, and will be reviewed and updated as changes occur.

6. The views of the Resources, Performance and Development Overview and Scrutiny Committee which considered the Report on the 25th July are attached at Appendix B.

DAVID CLARKE

Strategic Director of Resources
Shire Hall
Warwick

August 2006

**Corporate Asset Management Plan
Property Performance Indicators 2006**

1. Introduction

The first Corporate Asset Management Plans (AMP) were produced in 2001 and 2002 preceded by a “dry run” in 2000. The content of the Corporate Asset Management Plans have been very much prescribed by Office for the Deputy Prime Minister (ODPM) and related to procedures, structures, policies and information sources which support the asset management planning process. The Corporate Asset Management Plan excludes Schools which are reported separately to the DfES within the Schools Asset Management Plan. Corporate Asset Management Plan guidance for the Property Performance Indicators has recently been reviewed by Central Government in conjunction with RICS (Royal Institution of Chartered Surveyors) and COPROP (Chief Officers for Property).

In 2002 Warwickshire’s Corporate Asset Management Plan received a “good” classification from ODPM, the highest classification achievable. As a result of this classification Warwickshire has not been required to submit a Corporate Asset Management Plan to ODPM. Following on from that in 2005 the Use of Assets within the CPA was given a Level 4 rating.

As part of the review of the Corporate Asset Management Plan process, a review of the 5 key national indicators has also been undertaken by COPROP, in consultation with the Department for Communities and Local Government. The review was felt necessary because of the poor definition and guidance of the original indicators. This had led to a number of Authorities stressing that the indicators were difficult to collect and benchmark or were producing results that had little or no significant use for the Authority. The review of these indicators, has resulted in a reduced number of National (i.e. compulsory) indicators, but a greater and better defined selection of Local Property Performance indicators to encourage benchmarking between Authorities. We are now required to include Schools when reporting on condition and energy, where as in previous years this Schools were excluded from all Performance Indicator data.

This report provides:-

- A summary of Property Performance Indicators for 2006.
- Detailed analysis of Property Performance Indicators for 2006.
- Comparison of WCC’s 2005 Property Performance Indicators with other County Councils.

2. Summary of the Property Performance Indicators 2006

The following is a summary of this year’s Property Performance Indicators (PPI’s), which have been calculated following the COPROP guidance received in 2006.

National Property Performance Indicator 1 - 2006				
<u>PPI 1 A - % Gross Internal Area (GIA) in condition categories A to D @ April 2006</u>				
<u>Includes Schools</u>				
	Condition A	Condition B	Condition C	Condition D
	Good	Satisfactory	Poor	Bad
Schools (inc. Foundation)	11.6%	82.0%	2.7%	3.7%
Other Land and Buildings	27.5%	66.7%	3.6%	2.2%
Non Operational Properties	23.1%	58.7%	6.7%	11.4%
All Properties	16%	76%	3%	5%

National Property Performance Indicator 1 - 2006				
<u>PPI 1 B – Backlog of maintenance by cost expressed as I) total value in Priority Levels 1 to 3</u>				
<u>(including fees) @ April 2006 - Includes Schools</u>				
	Total Value	Priority 1	Priority 2	Priority 3
	£	Urgent works	Essential within 2 years	Desirable within 3 to 5 years
Schools (inc. Foundation)	117,309,390	£3,312	£76,990,239	£40,315,839
Other Land and Buildings	24,403,595	£0	£13,947,613	£10,455,982
Non Operational Properties	6,556,170	£0	£4,763,682	£1,792,488
All Properties	148,269,155	£3,312	£95,701,534	£52,564,309

National Property Performance Indicator 1 - 2006		
<u>PPI 1 Biii – Overall Cost (including Priority 4's) per m2 @ April 2006</u>		
<u>Includes Schools</u>		
	GIA	Costs per m2
Schools (inc. Foundation)	664,627	£176.51
Other Land and Buildings	171,893	£141.99
Non Operational Properties	203,057	£32.29
All Properties	1,039,578	£142.63

National Property Performance Indicator 2 - 2006				
<u>PPI 2 – A - Energy Costs per sq. m (GIA). B – Water costs per sq. m GIA. @ April 2006</u>				
<u>Includes Schools</u>				
	Gas Cost per m2	Electricity Costs per m2	Oil Costs per m2	Water Cost per m2
2005/06 Energy Costs per m2 inc. Schools	£3.08	£4.56	£0.59	£1.43

Local Property Performance Indicator 3 - 2006		
<u>PMI 3 – A - % of portfolio for which a Suitability Survey has been undertaken in the last 5 years</u>		
<u>B- Number of properties for which a Suitability Survey has been undertaken in the last 5 years</u>		
<u>Excludes Schools</u>		
	A - % of Properties Surveyed	B - No. of Properties Surveyed
Other Land and Buildings	84%	160
Non Operational Property	91%	20

Local Property Performance Indicator 4 - 2006		
<u>PMI 4 – A - % of portfolio by GIA m2 for which an Access Audit has been undertaken</u>		
<u>B – Number of properties for which an Access Audit has been undertaken</u>		
<u>Excludes Schools</u>		
	A - % of Properties Surveyed	B - No. of Properties Surveyed
Other Land and Buildings	75%	136
Non Operational Property	22%	4

3. Detailed analysis of Property Performance Indicators 2006

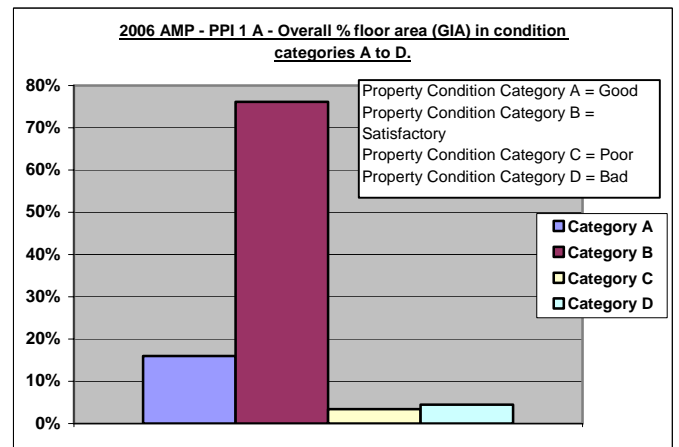
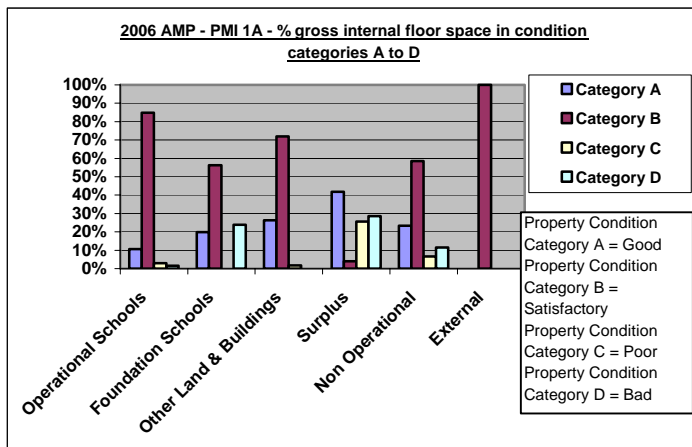
PPI 1a - % gross internal Area (GIA) in condition categories A to D

Condition surveys are reviewed annually. These condition surveys provide detailed analysis, including costs by property, building and element (e.g. roof, flooring). To enable a property to be graded as per the ODPM definitions i.e. Condition A – Good; B – Satisfactory; C – Poor; or D – Bad, the following formula has been applied:-

Total cost of repairs for each property/rebuild cost x 100 = %.
 This % would then have a number of condition ranges e.g. 5% = Condition A; 5% to 35% = Condition B; 35% to 65% Condition C and greater than 65% = Condition D.

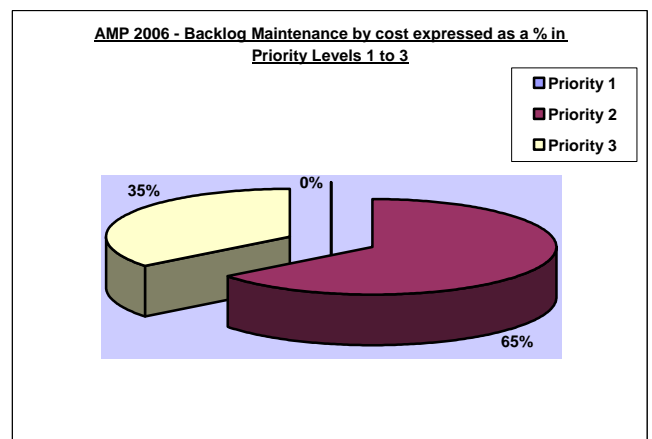
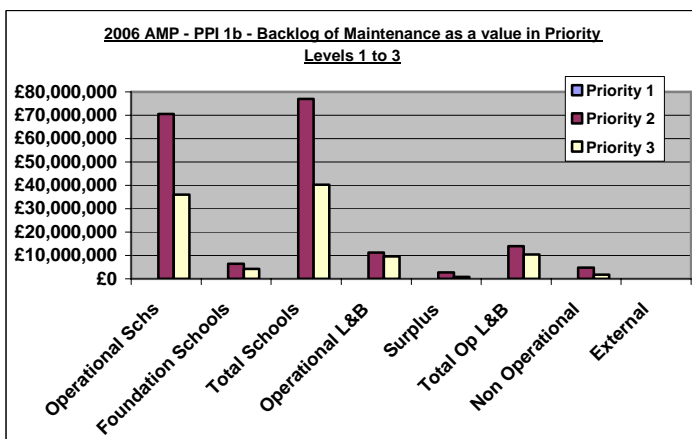
Although this formula is useful for providing an overall property grade it is worth considering that although a Property may have an overall Condition Grade of A or B this property may have elements within the property that fall in Condition Grade C or D with a priority cost level of 1 or 2.

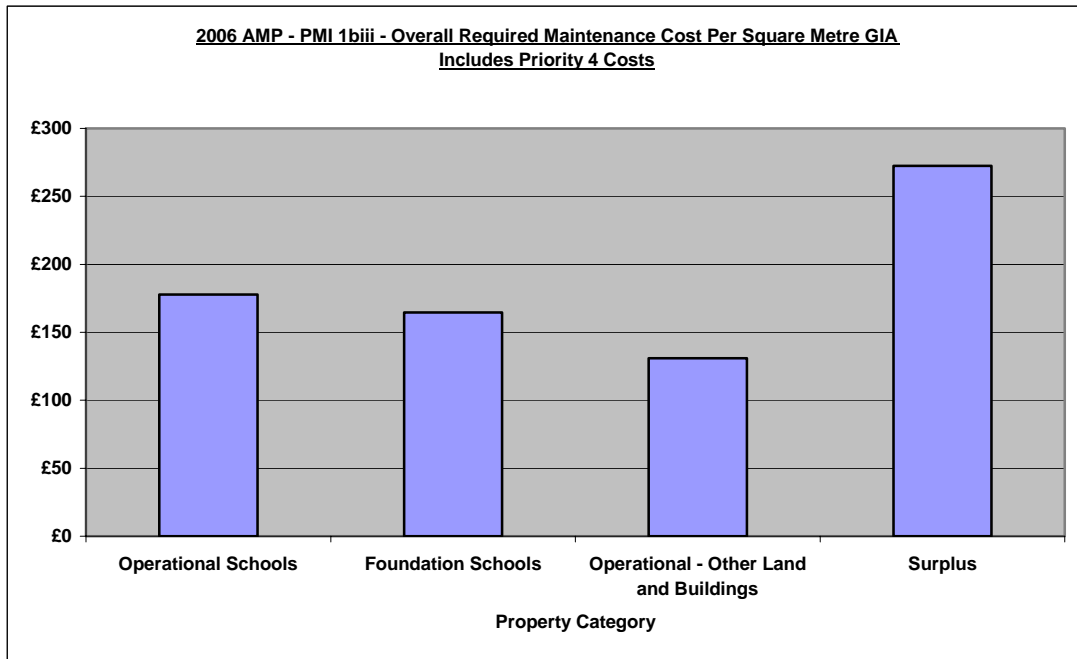
The results of this years Performance Indicator 1a indicate that the majority % floor area falls in Condition Categories A and B, whilst there is a small % of properties, mainly Surplus properties, which fall in Condition Category D. In 2003 external consultants were commissioned to carry out the condition surveys. Since 2004 these condition surveys have been carried out by in-house staff which has brought a consistency to the process.



PPI 1b – Backlog of maintenance by cost expressed as i) total value and ii) as a % in Priority Levels 1 to 3.

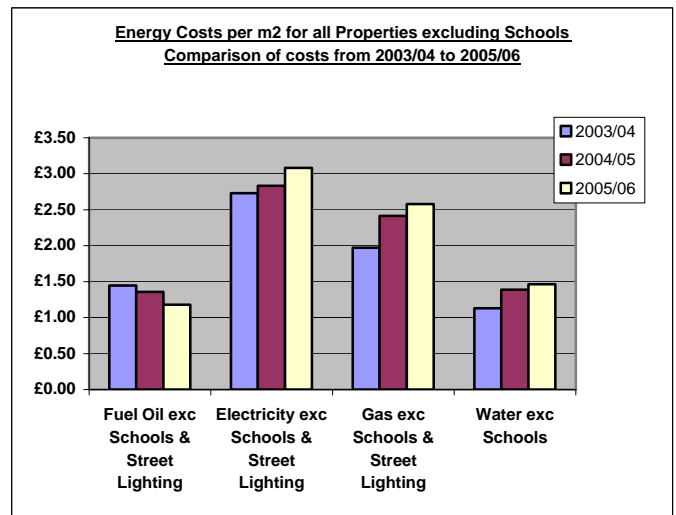
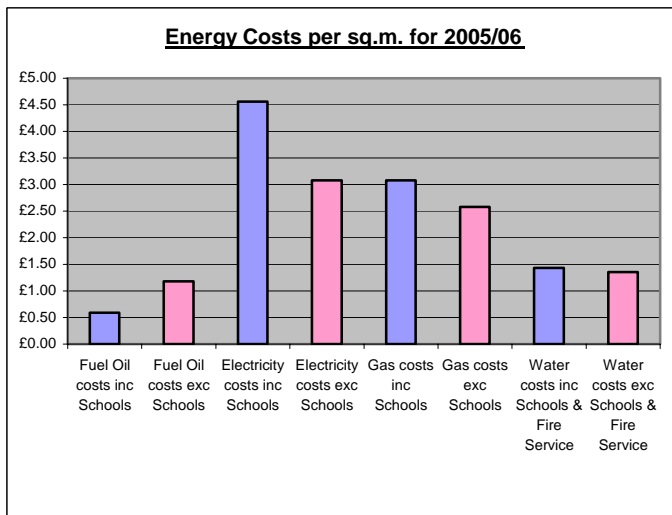
The charts below indicate that there have been minimal Priority 1 Costs (Urgent works) over the last 3 years. Although the maintenance backlog is increasing each year, the current total maintenance backlog, including schools, stands at £148,269,155. Although the trend indicates that the maintenance backlog costs are moving to Priority 3 Level, i.e. desirable work required within 3 to 5 years, the current level of investment in the maintenance programme is not reducing the maintenance backlog programme. The Priority 1 Costs at the time of writing this report stood at £3,312, these fall within our Schools portfolio and are by definition, urgent works. The analysis obtained from the Condition Surveys enables the Maintenance Programme to be developed annually, ensuring that the urgent works (Priority 1) are rectified quickly.





PPI 2 – a Energy Costs per sq.m. (GIA); b Water Costs per sq.m. (GIA).

Each Directorate within the Authority is responsible for monitoring it's own energy costs. At present we are working with ESPO (who manage the energy contracts) to establish consumption data for all properties, including Schools. Currently, we are reliant on the Flexi ledger to obtain energy costs. This isn't an ideal solution when managing energy as unit costs are increasing annually. The most appropriate way to manage energy is to monitor consumption. We are liaising with Environment and Economy's Sustainability Unit to establish the best way to promote energy awareness amongst Directorates and to suggest that Utility Bills are only paid on accurate and not estimated meter readings.



PPI 2c - Co2 Emissions in tonnes of carbon dioxide per sq.m.

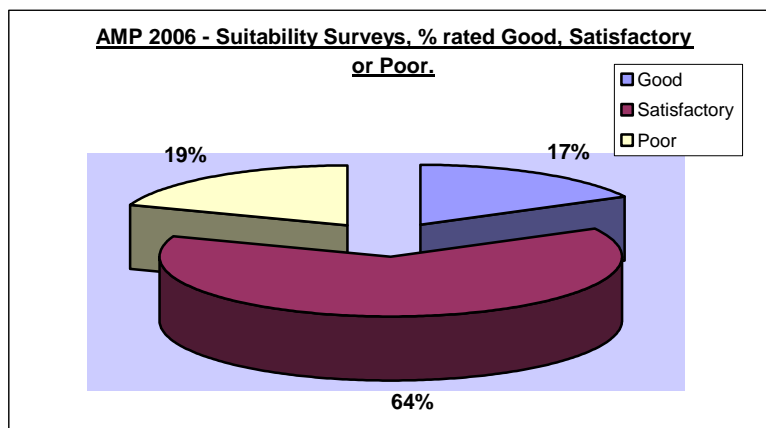
Consumption data is required to calculate this indicator and at the time of writing this report the Authority has been unable to obtain consumption data for all properties. ESPO have recently agreed to use the energy management software system 'SystemLink' to report on consumption and to enable carbon dioxide emissions data for each property to be reported in the future.

PPI 3 – Number of properties and % of portfolio for which a Suitability Survey has been undertaken in the last 5 years.

We undertook our first tranche of Suitability Surveys at properties in 2003 and the second tranche in 2004. We have agreed not to undertake Suitability Surveys in 2006 because of the reorganisation of the Authority. We will review the position in 2007 and a number of surveys are likely to be reissued for those properties where staff have been relocated. This survey information provides us with a Users view of the property they are operating from. This analysis excludes Schools, as the suitability of schools is reported to the DfES and has specific guidance related to the recording of such information.

Local Property Performance Indicator 3 - 2006		
<u>PMI 3 – A - % of portfolio for which a Suitability Survey has been undertaken in the last 5 years</u>		
<u>B- Number of properties for which a Suitability Survey has been undertaken in the last 5 years</u>		
<u>Excludes Schools</u>		
	% of Properties Surveyed	No. of Properties Surveyed
Other Land and Buildings	84%	160
Non Operational Property	91%	20

The following chart indicates the % of properties that are deemed to be in good, satisfactory or poor suitability. Currently 17% of the property stock surveyed is thought to provide suitable accommodation for the current occupiers.



This suitability analysis combined with condition survey information allows us to make informed decisions when reviewing the property stock. It is important that we make best use of those properties that are in both good condition and have a high suitability rating. It's this comparison of both the Condition and Suitability of a property that will be fundamental when undertaking future property reviews.

PPI 3 – Number of properties and % of portfolio for which an Accessibility Audit has been undertaken in the last 5 years.

This is a local performance indicator which encourages Authorities to monitor progress on providing access to buildings for disabled people, under the terms of the Disability Discrimination Act 1995. The results below are for Operational and Non Operational properties, and exclude Schools.

Local Property Performance Indicator 4 - 2006		
<u>PMI 4 – A - % of portfolio by gja m2 for which an Access Audit has been undertaken</u>		
<u>B – Number of properties for which an Access Audit has been undertaken</u>		
<u>Excludes Schools</u>		
	% of Properties Surveyed	No. of Properties Surveyed
Other Land and Buildings	75%	136
Non Operational Property	22%	4

4. Comparison of WCC Property Performance Indicators from 2002 to 2005 with other County Councils.

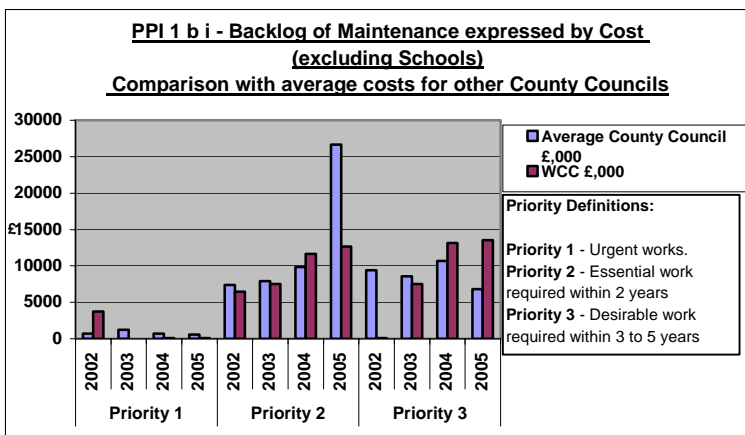
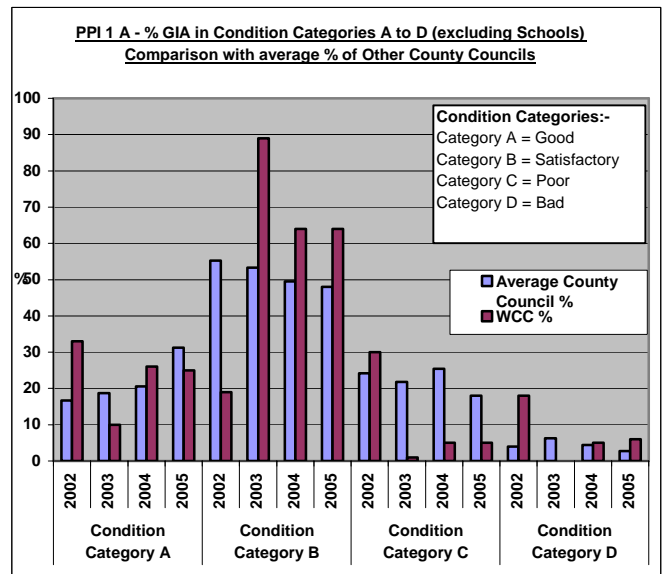
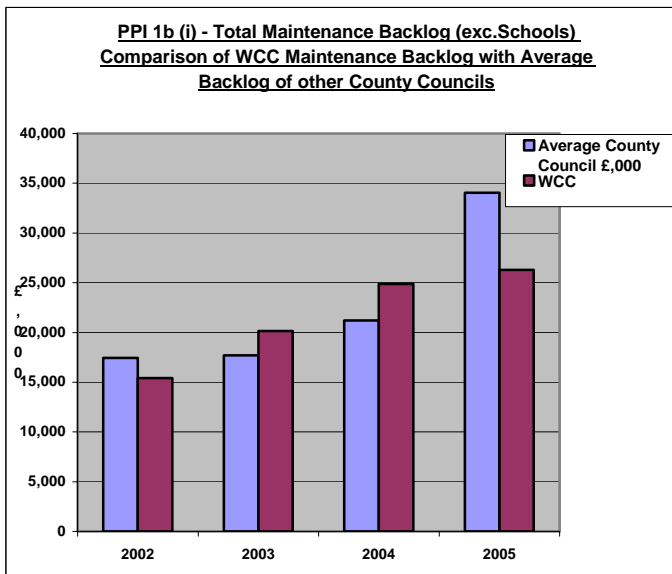
This section provides analysis of the Property Performance Indicators (PPI's) over the previous 4 years and how they compare with other County Councils nationally. Concerns have been raised nationally regarding the definitions for the PI's and the relevance of some of the 5 Key PPI's. As a result of this Central Government asked COPROP (Association of Chief Property Officers) to establish a working group to review the Performance Indicators, to establish more consistent definitions and a larger group of Local Performance Indicators.

The first tranche of revised Performance indicators come into effect from this year. As the 2006 indicators are revised indicators we are not able to provide trend information for them this year, however, we are able to report on trend information up to and including the 2005 Performance Indicators. This is detailed over the following pages.

PPI 1 - Property Condition

In 2002 an external consultant was commissioned to carry out a full condition survey programme. Unfortunately, it became apparent that some of these condition surveys were not completed within the agreed guidelines and we were concerned with the results of some of the surveys. Since 2003 we have completed the condition surveys in-house, which has improved the accuracy of the surveys. Due to lack of in house resources however, not all properties can be surveyed annually, we currently re-survey 20% of properties each year. The condition surveys assist with the prioritisation of the maintenance programme each year.

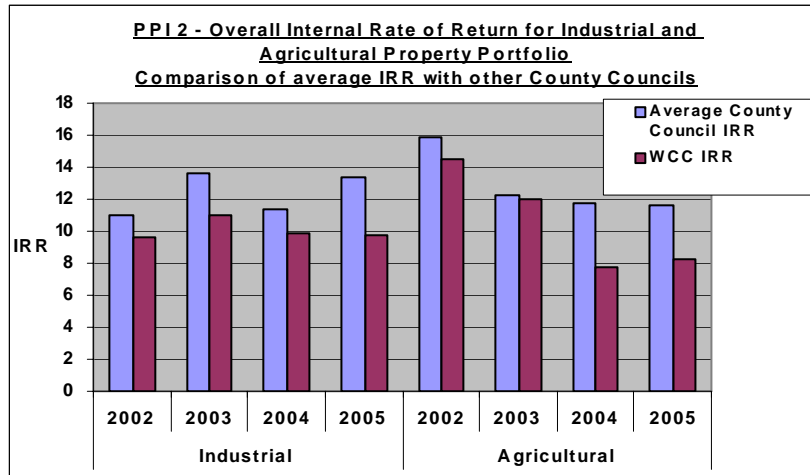
The charts below indicate that the maintenance backlog, excluding Schools, is increasing each year. The significant increase in the backlog in 2003 is due to the Smallholdings estate being surveyed for the first time. Lack of revenue funding hinders the reduction of the total maintenance backlog and in some cases accelerates the deterioration of a property.



The chart to the left indicates that the priority level of maintenance works is also improving. In 2005 the majority of maintenance costs are within Priority Level 3, which indicates that the works would need to be completed within 3 to 5 years indicating that they are not of a high priority, however lack of funding to tackle these elements will lead to a deterioration of the property stock. This is also above the national average when compared with other County Councils.

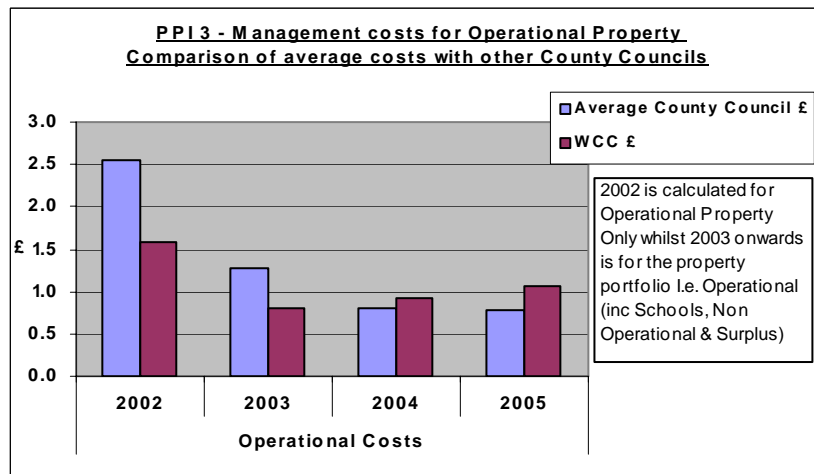
PPI 2 – Internal Rate of Return

The following chart shows how the Internal Rate of Return for Warwickshire Industrial and Agricultural holdings is below the national average when compared with other County Councils. This is probably due to variations in assumptions made by individual Authorities as to the rental inflation and cost inflation.



PPI 3 – Property Management Costs

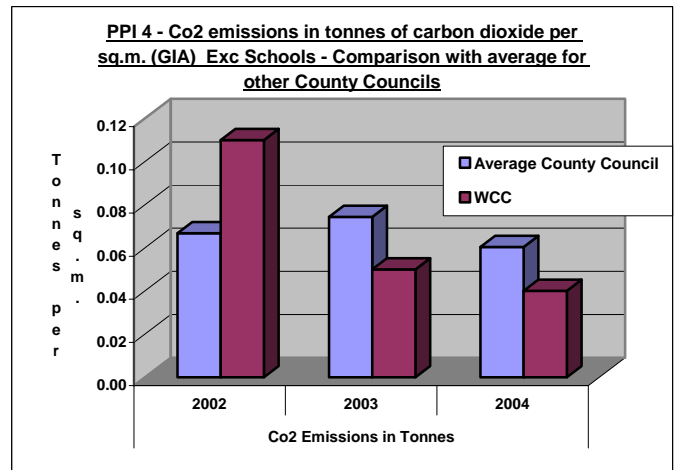
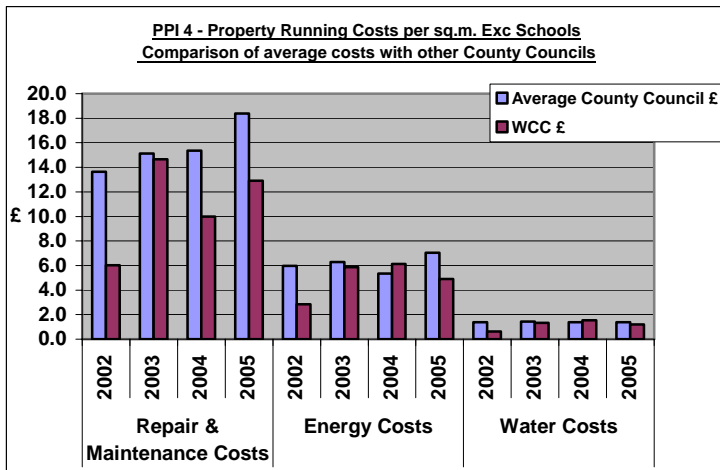
The definition for this PI has been altered since 2002. In 2002 the management costs, which includes all costs associated with AMP work throughout the Council, were to be calculated for the property portfolio excluding Schools. Since 2002 the indicator has been calculated for the entire property portfolio including schools. In 2005 the Council's management costs appear slightly above the national average. However, there is no confidence that accurate comparisons are being made and Authorities are not now required to complete this indicator.



PPI 4 – Property Running Costs, including Co2 Emissions.

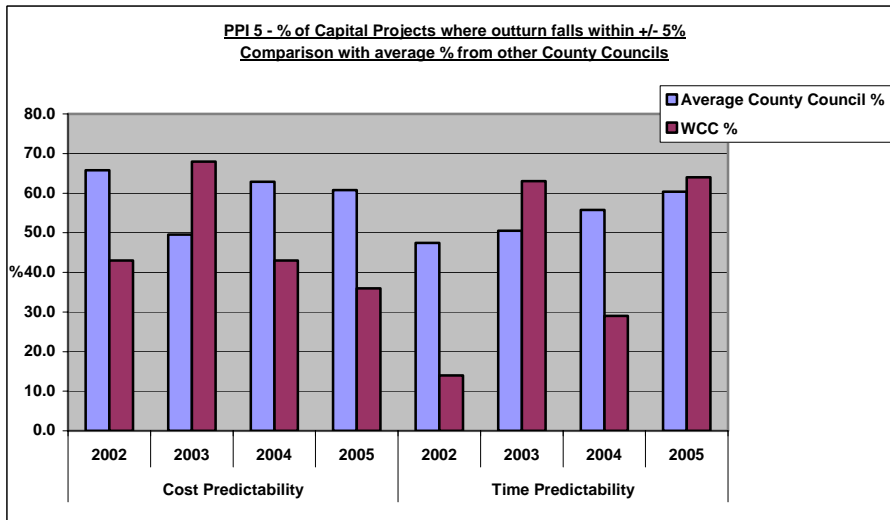
The repair and maintenance and water costs reflect favourably when compared with the national averages. Whilst the Energy Costs (electricity, gas, oil) do not reflect as favourably in 2004 when compared to the national average it is recognised that it would be more beneficial to monitor consumption rather than costs to avoid misleading results due to estimated billing and credit notes. We are currently negotiating with ESPO to enable us to provide analysis of consumption data for all of our properties.

The Co2 emissions are below the national average in years 2003 and 2004. In 2002 the Performance Indicator was calculated for the first time, the definition for the PI was difficult to interpret, which resulted in varying results nationally. We have been unable to produce the Co2 emission indicator since 2004, as we have not been able to access consumption data. This performance information excludes Schools.



PPI 5 – Time and Cost predictability

This indicator analysis the time and cost predictability of capital projects (relating to property) over £100,000 in value. A revised version of this indicator is currently out to consultation at Authorities, with a view to reporting on the revised Indicator in 2007.



Shire Hall
 Warwick
 25 July 2006