



Asset Management Plan

2010 to 2015

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1. Introduction

- 1.1.** The immediate challenge facing Cheltenham Borough Council especially in the light of a difficult and changing economic environment and current financial restraint is what the Council intends do to maintain and improve the delivery of services to the public.
- 1.2.** The Council's commitment to a strategic commissioning approach to public service delivery will impact across the whole authority, including the asset management of the property portfolio, as CBC seeks to determine and assess the needs of the customer and then considers and subsequently implements the best means of delivering the services, including working in partnership with others.
- 1.3.** The council owns a diverse range of land and property assets that make an important and positive contribution to achieving corporate objectives. The quality, condition, suitability and sustainability of our operational assets have a direct bearing on the quality and deliverability of front line services. It is therefore extremely important that these assets are fit for purpose, safe to work in and visit and continue to be managed in a proactive and efficient way to allow for the changing requirements of our customers, staff, and legislation.
- 1.4.** This Asset Management Plan (AMP) seeks to outline how the property assets link into the Council's longer term service and financial strategies, primarily focussing on the outcomes and what Cheltenham's approach will be to property management.

2. The Council's Goals, Objectives and Major Drivers

- 2.1.** The primary aim of the AMP is to align the management and delivery of the portfolio with the Council's corporate goals and objectives.
- 2.2.** Although the implementation of the AMP will be managed by the Property Services team, it is essential for effective implementation, that there is full engagement and alignment with the Senior Leadership Team (SLT) comprising the Executive Board and the Council's Assistant Directors, together with the officer Corporate Asset Group (CAG), the Asset Management Working Group (AMWG) and subsequently via Cabinet, in order to obtain approval to agreed recommendations
- 2.3.** This report outlines the main strategic aims and objectives for the portfolio, the intended actions to achieve the objectives, how the performance is to be measured and also seeks the endorsement of the proposals by SLT and Cabinet and Council.
- 2.4.** In order to inform the content of this report there has been reference to, or consultation with the following:-
 - Cheltenham's Sustainable Community Strategy;
 - The Council's Corporate Strategy;
 - The Council's Medium Term Financial Strategy (MTFS);
 - The Council's Executive Board and Senior Leadership Team;
 - Shared Services and Civic Pride Initiatives;
 - Accommodation Strategy.

3. The Corporate Business Plan

- 3.1.** This is the authority's most important strategic document, setting out the Council's key aims and objectives – as with other sub-strategies, the AMP must therefore be referenced to it.
- 3.2.** The new 5 year plan was approved by Council on 29th March, and now sets the strategic direction the Authority wishes to pursue until the end of the financial year 2014-15.
- 3.3.** The new strategy will adopt three community objectives and two cross-cutting objectives, namely:-
 1. Enhancing and protecting our environment;
 2. Strengthening our economy;
 3. Strengthening our communities;
 4. Investing in arts and culture; and
 5. Ensuring we provide value for money services that effectively meet the needs of the customer.
- 3.4.** These objectives will have a direct influence on decisions about how the portfolio is managed and asset management will assist in the delivery of associated outcomes. These are more specifically outlined in the action plan as set out in Appendix A

4. The Medium Term Financial Strategy

- 4.1.** The council's Capital Strategy is informed by the AMP and aims to both quantifying the financial implications of the action plan and set out the approach to financing it including the potential for prudential borrowing.
- 4.2.** The councils Medium Term Financial Strategy (MTFS) projects the council's financial position over the next 5 years. In developing the Asset Management Plan and Capital Strategy, the council is seeking to improve the links to the MTFS. The AMP and Capital Strategy can either support the MTFS by making a contribution through additional revenue streams or reductions in the cost of the asset base or require additional revenue resource to support the programme of activity in the AMP which places additional pressure on the MTFS funding gap.
- 4.3.** Currently, as part of the 'Bridging the Gap' programme, the council is keen to ensure that the councils assets make a positive contribution to bridging the council's predicted financial funding gap, currently estimated at £3.4m. As such, various work steams are aimed at either reducing the cost of the asset base or increasing income from the use of assets. This approach will be developed over the life of the AMP.

5. Key Asset Management Objectives

5.1. The asset management plan aims to deliver the following objectives in support of the Council's Corporate Plan and in the context of The Medium Term Financial Strategy.

5.2. Fit for Purpose Portfolio

- To provide help and support where appropriate to facilitate and improve service delivery;
- To minimise the environmental impact of the portfolio, including in particular water and energy use and the associated level of greenhouse gas emissions;
- To maintain the portfolio to a standard that complies with current legislation in particular, health and safety, and prioritise appropriately to ensure that the Council's buildings are fit for purpose, sustainable and provide access for all members of the community;
- To provide an asset challenge to service areas managing property assets on a day-to-day basis;

5.3. Value For Money

- To optimise the utilisation and rationalisation of property assets, thereby minimising the level of void and surplus property and associated maintenance spend;
- To consider realising capital receipts from the disposal of surplus property, where option appraisal demonstrates that retention is unviable or less financially attractive than alternative options, in addition to the condition of the market prevailing at the time.
- To optimise the rental income of non-operational investment properties;
- To minimise the management costs associated with holding property assets;
- To raise awareness of the need for current and future spending on the portfolio;
- To demonstrate value for money in the management and maintenance of the portfolio.

5.4. Place Shaping

- To support the wider social, economic and regeneration objectives of the Council;.
- We will continue to work with our partners and other public bodies to ensure that the shared use of assets is explored and optimised, wherever possible using a joined-up approach to service delivery to improve outcomes for our customers and communities, and in addition reduce property costs, generate income, which should deliver better value for money.

6. Current Asset Base Summary

- 6.1. This Asset Management Plan (AMP) seeks to outline how the property assets link into the Council's longer term service and financial strategies, primarily focussing on the outcomes and what Cheltenham's approach will be to property management.

Asset Categories	Quantity	Asset Values
General Fund		Valuation date April 2009
Community	27	£142,000
Infrastructure	78	£45,000
Operational	157	£18,763,411
non operational	58	£77,116,763
Sub Total	320	£96,067,174
Housing Revenue		
Operational	8	£391,000
non operational	48	£3,585,500
Council Housing	4,621	Valued April 2005 * £202,668,711
Sub Total	4,677	£206,645,211
Grand Total	4,997	£302,712,385

* Due to be revaluation in 2010

6.2. General Fund Properties

- 6.2.1 General fund properties, includes all those assets that do not contain a social residential element which have been transferred into management of the Council's Arms Length Management Organisation, Cheltenham Borough Homes (CBH).

6.3. Housing Revenue Account (HRA) Properties

- 6.3.1 These comprise of the property partly managed by The Council e.g. sub let commercial properties beneath sublet residential accommodation, in addition to the stock of Council housing managed by Cheltenham Borough Homes as the arms length management organisation, and financed through the ring fenced Housing Revenue Account.

6.4. Community Assets

- 6.4.1 Community assets are those that are held for the benefit of the community that the Council intends to hold in perpetuity and has determinable useful life. Eg Montpellier gardens, Long Gardens Promenade, Pitville Park, Sandford Park etc.

6.5. Infrastructure Assets

- 6.5.1 These comprise of property which will not be sold, transferred or assigned to another and includes properties such as Honeybourne Line Bridges and Highway Verges.

6.6. Operational

6.6.1 These assets are occupied by the Council to support the delivery and provision of the authorities services. Eg. Municipal Buildings and the Depot

6.7. Non Operational Properties

6.7.1 These comprise of properties in which the Council has legitimate ownership either freehold or leasehold and which are not being used to meet or provide service needs and are therefore not being used for operational purposes. Such non operational assets will include investment properties that are let to third parties to generate income and properties that are vacant and surplus to requirements. e.g. Berkeley Mews (commercial) and Enterprise Way (industrial).

Performance indicators and targets on the management of the assets are set out in Appendix C. It should be noted that despite the disposal of assets and the adverse economic conditions that it has been possible to maintain current total income levels.

7. Corporate Approach to Asset Management

7.1. Strategic Management

- 7.1.1. The Head of Property and Asset Management fulfils the role of Corporate Property Officer (CPO), and chairs the Corporate Asset Group (CAG), which consists of a number of middle and senior managers (the terms of reference for these groups are outlined at Appendices I and J). This is the forum for reviewing property-related matters and providing strategic oversight of the property asset portfolio. Important issues are reported to the Senior Leadership Team, for information and approval, as necessary. Council Member consultation is via the Asset Management Working Group and the Cabinet Member for Built Environment with major decisions in respect of the property portfolio being referred to Cabinet. It is the intention that Council Members will receive an annual update report on performance against the Asset Management Plan using key performance indicators, in addition to summarising strategic property decisions taken during the year.
- 7.1.2. The strategic asset management action plan as set out in Appendix A identifies the key property commitments which is intended will contribute towards the delivery of the Council's overall corporate objectives .

7.2. Operational Management

- 7.2.1. Property Services acts as the land owner on behalf of the Council and provides certain professional services for CBH which manages all the Council's residential dwellings.
- 7.2.2. The Council has a dedicated Property Services team within the Built Environment Division who deal with the day to day operational issues of running a property portfolio – arranging repairs, maintenance, renewing leases, carrying out rent reviews and gathering and maintaining data on the portfolio. Further details of operational delivery are outlined in a number of attached appendices. The team monitors all aspects of performance of the land and properties through continually reviewing asset performance and uses performance indicators as set out in Appendices B & C as appropriate.

7.3. Service Delivery

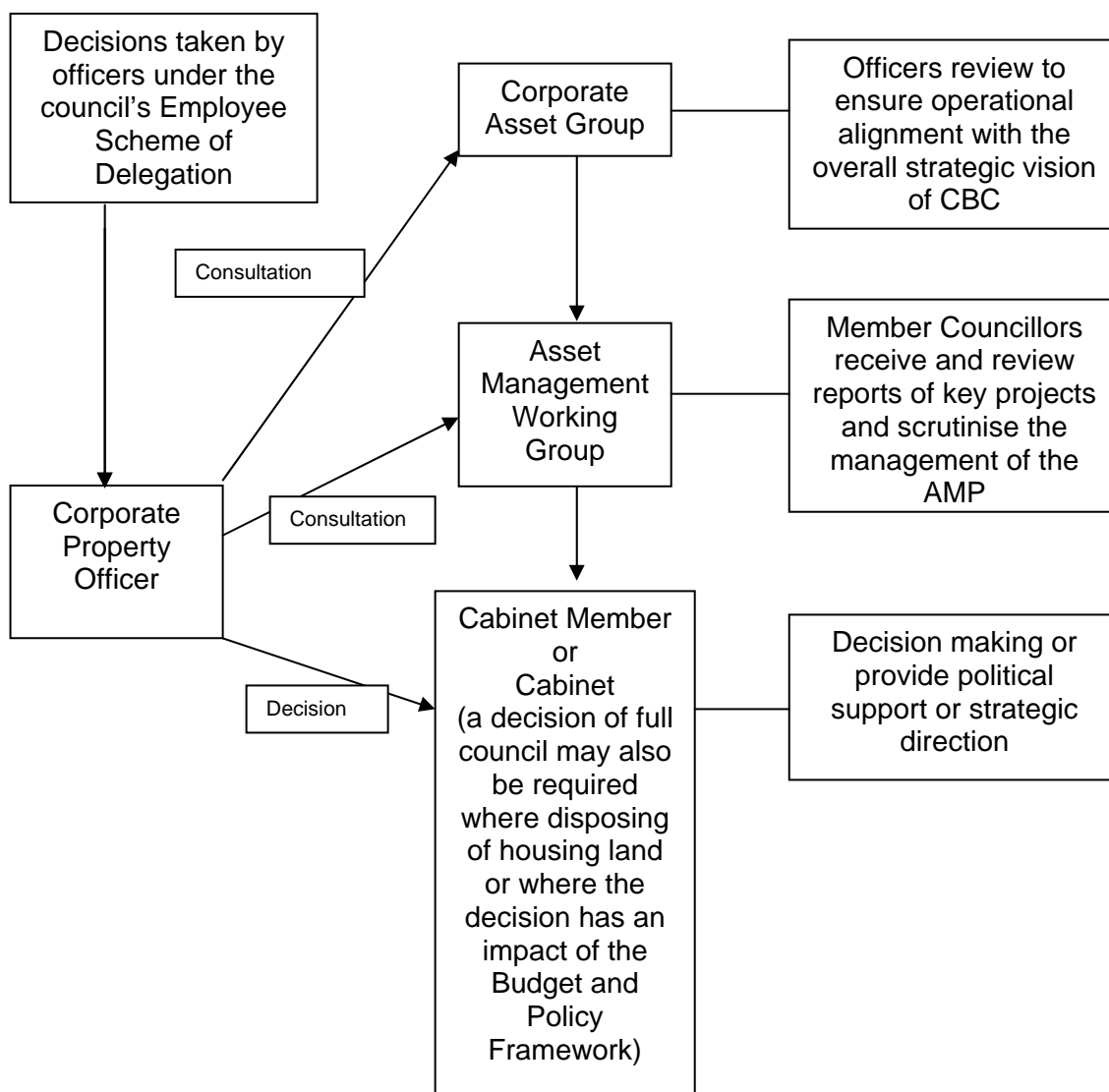
- 7.3.1. The property team will aim to deliver the services in accordance to the principles as set out in Appendix D.

7.4. Building Operational Policy

- 7.4.1. The Council's approach to the operational management of the portfolio is set out in Appendices E.

8. Asset Management Consultation and Authorisation Process

- 8.1.** Local councillors have a key role in ensuring local services are responsive to the needs of their constituents, enabling local people's voices to be heard. The Asset Management plan will involve the members of the Council in its initial policy adoption and updates.
- 8.2.** The following flow chart documents the decision making process for considering asset management issues.
- 8.3.** The decision process will be considered in the context of the constitution and the related delegated powers.



The terms of reference for both the Corporate Asset Group and Asset Management Working Group are set out in Appendices I and J.

9. Capital Programme

- 9.1.** The councils capital programme contains a projection of the capital investment required over a 5 year period and is currently funded from a Capital reserve which is topped up by an annual revenue contribution funded from the base General Fund budget. The annual capital programme, around £700,000, typically consists of 3 areas of expenditure (i) replacement of play equipment (ii) replacement of CCTV equipment and (iii) housing grants. Any other capital projects require separate funding to be identified.

- 9.2.** Given the outlook for public sector funding, the Council will be reviewing it's approach to the capital programme and it's financing.

10. Planned Maintenance Programme

10.1. The councils 20 year maintenance programme is funded from the Planned Maintenance Reserve as and is used to fulfil the overarching aspiration to:

'Maintain the property portfolio to a good standard and to invest in key public buildings in order to improve the customer access and experience'.

More detailed information on the maintenance policy can be located in Appendix F.

10.2. The programme includes key cyclical investment required to repair, maintain or replace existing infrastructure including replacing cremators, boilers, electrical and mechanical updating, catering equipment replacement, re-surfacing and lighting replacement in the car parks. It is estimated that the maintenance programme requires funding of around £28m over the next 20 years in order to maintain its assets.

10.3. The Council currently budgets for an annual revenue contribution of £693,000 (2010/11 budget) to the Planned Maintenance Reserve, rising by £200,000 per annum in the MTFS to provide sufficient funds to pay for an annual maintenance programme of circa £1.4m.

10.4. Given the outlook for public sector funding, the Council will be reviewing its approach to the 20 year planned maintenance programme

Strategic Asset Management Action Plan (Aspirations) 2010-2015

Strategic Asset Management Action Plan									
Corporate Objective	Property/Key Commitments	Action	Priority	Aspiration	Benefits	Risks/ Other Issues	Time scale	Responsible Officers	Financial Implications
Enhancing and protecting the environment	Parks and Green Space	Cheltenham has a long established green heritage, the town parks, gardens and tree lined avenues being recognised nationally as some of the best in the country. The Council's stated vision for green space is ' working together to ensure a comprehensive network of attractive, valued and well used, locally distinct green spaces, that are accessible, safe and welcoming, which meet the existing and future needs of the community, enhance biodiversity and are managed sustainably to reduce our impact on climate change'. The protection of the Boroughs historic green spaces, sites of special scientific interest, ancient woodlands, local nature reserves and other designated sites will help support the delivery of Civic Pride. There will be close liaison with the Green Environment Team to support their objective of protecting the Boroughs historic green spaces in addition to identifying and reviewing other low quality/value spaces for potential upgrade, redevelopment or disposal opportunities.	High	Place Shaping	Protection of Cheltenham's long established green heritage. Opportunity to explore alternative uses on low quality, low value sites.	Difficult to fund maintenance and presumption against disposal	2011/15	AD Operations and Head of Property	Potential future capital receipt, from disposal of low quality/value green space.
	All property	Implementation of works in accordance with the 20 year planned maintenance programme (subject to review).	Medium	Service Delivery	Building fabric is maintained in good condition	(1) Potential impact on use and damage to the Council's reputation if not implemented. (2) Pressures on the annual budget to fund the programme hence potential impact on the MTFS.	Ongoing	Head of Property	Funding via the property maintenance repairs and renewals reserve.
	All property	Implementation of energy efficiency measures leading to the reduction of carbon emissions to Operational Space by seeking to achieve lower energy costs of at least 3% per annum, though aiming for 10% in line with the 10:10 commitment.	High	Place Shaping	Environmental benefits. Reduction in Carbon Footprint.	Cost of implementation	2010/11	Head of Property	Potential operational cost savings, thereby contributing to the MTFS.

Corporate Objective	Property/Key Commitments	Action	Priority	Aspiration	Benefits	Risks/ Other Issues	Time scale	Responsible Officers	Financial Implications
Strengthening our Economy	Civic Pride	Support the town's economic strength and sustainable development by revitalising key streets and spaces for the benefit of the whole community whilst recognising and supporting the need to maintain / grow a varied competitive economic base. Through proactive management of the property portfolio and identified development sites, the Council intends to realise much needed capital to help kick start this important town centre initiative, which is underpinned by an Urban Design Framework in the form of adopted supplementary planning guidance. Activities will include (1) Reviewing / rationalising car parking consistent with the towns commercial and environmental needs. (2) Promoting high quality physical linkages between both existing / new development areas. (3) Seeking opportunities to strengthen existing greenscape and biodiversity. (4) Reusing key buildings sensitively and redefining core assets e.g. Royal Well to provide a distinct identity. (5) Promoting sustainable residential and community housing provision against identified need. (6) Promoting employment opportunities.	High	Place Shaping	(1) Revitalise key streets and spaces for the benefit of the whole community. (2) Will maintain and grow a varied competitive economic base. (3) Opportunities to improve retail offering and ranking.	Value of Council owned development sites depressed due to recession.	2010/15	MD Civic Pride and Head of Property	To be assessed.
	Car Parks	Undertake a strategic review in conjunction with integrated transport and investigate potential redevelopment opportunities, as part of the Civic Pride initiative, e.g. North Place/Portland Street for retail/mixed use.	High	Place Shaping	Positive social, economic/environmental outcomes.	Planning restrictions	2012/13	Head of Integrated Transport and Head of Property	Potential capital receipt.
	Midwinter	To continue to use the Council's land and property assets to achieve strategic development and regeneration opportunities within the Borough. Priority initially will be towards the disposal of the (1) Midwinter site for residential development.	High	Place Shaping	(1) Provides both private and affordable housing. (2) Minimum sustainable Code Level 3 across the whole site. (3) Provision of additional allotments. (4) Capital receipt.	Adverse geological and environmental flood assessments preventing development	2011/12	Head of Property and MD Civic Pride	Capital receipt. And potential funding for allotment improvements.
	Industrial	Undertake an options appraisal on the partly developed Enterprise Way	Medium	Place Shaping or Investment		Lack of demand due to economic climate	2012/13	Head of Property	Potential revenue or capital receipt
		Identify Council owned properties suitable for starter/incubator units for fledgling business	Low	Investment	Growth in new business and jobs.	Unavailability of suitable property	2015		Potential income
	Depot	In conjunction with the AD Operations to investigate the possibility of relocating the depot	Low	Place Shaping or Investment	Releases the existing site for redevelopment and or disposal	Unable to identify/obtain suitable alternative site	2015	AD Ops and Head of Property	Capital investment in new site, but capital receipt from disposal of existing site.
	Airport	Working collaboratively with joint owner Gloucester City Council, to facilitate the runway safety project, thereby avoiding Civil Aviation Authority constraints upon the operation/viability of the airport, and providing the opportunity to expand commercial operations	High	Place Shaping	(1) Supports and maintains local jobs. (2) Potential revenue growth. (3) Potential to attract regional HQ's	Viability of the airport if the is not implemented	2011	Strategic Director and Head of Property	Growth in Income/return for the Council (shareholder)
	Local Development Framework	Identification of sites with potential for increasing residential and employment capacity.	High	Place Shaping	Deliver additional affordable housing.	Planning and site assembly	2011/15	Asst CEO and Head of Property	Potential capital receipt

Corporate Objective	Property/Key Commitments	Action	Priority	Aspiration	Benefits	Risks/ Other Issues	Time scale	Responsible Officers	Financial Implications
Investing in Arts and Culture	Art Gallery and Museum	Support and advise re the proposed £5m flagship 'green' extension development, partly funded by CBC (£2M)	High	Service Delivery and Place Shaping	(1) Increase in visitor numbers to Cheltenham with associated economic benefits. (2) Cultural enhancement. Sustainability benefits including the use of reclaimed materials and on-site/off-site energy sources.	Insufficient funding will jeopardise the scheme		AD Wellbeing and Culture and Head of Property	£2,000,000 capital investment
	Town Hall	Undertake improvements to the Drawing Room and Kitchen	High	Service Delivery	Cultural enhancement.	Impact on quality of service and reputation	2010/11	AD Wellbeing and Culture and Head of Property	Estimated at £59K
		Development plans for improving performance/catering space	Medium	Service Delivery	Cultural enhancement.	Impact on quality of service and reputation	2011/12	AD Wellbeing and Culture and Head of Property	Potential increase in revenue.
Strengthening our Communities	CBH regeneration sites	New affordable housing provision from the regeneration of St Paul's, Brighton Road and various garage sites.	High	Place Shaping	(1) Social and community benefits. (2) Deliver new and affordable housing.		2011/13	Asst CEO CBH and Head of Property	HRA Prudential borrowing of £4.3m. HCA funding of £3.38m and CBC funding of £500k
	Community Assets	Continuing to support the Third Sector. Transfers of ownership of Community Assets will need to be considered carefully. The Council will weigh the potential community benefit against the potential loss of future capital receipts and revenue income	High	Service delivery	Social and community benefits	Sustainability of Charity funding.	2010/15	AD Community and Head of Property	Potential reduced maintenance costs.

Corporate Objective	Property/Key Commitments	Action	Priority	Aspiration	Benefits	Risks/ Other Issues	Time scale	Responsible Officers	Financial Implications
Value for Money	Accommodation Strategy	A review of Council occupied operational property is being undertaken to determine it's condition, suitability and sufficiency. Also to establish current efficiency and use of space, and subsequently assess the future impact on the Council's space requirement that initiatives such as Go7, Shared Services, Flexible Working and Commissioning will have. Feasibility studies will examine options of remaining in and rationalising existing space, or relocating, which will involve assessing the investment required to release space, potential rental income, the needs for a more efficient flexible working environment, demands for new space, whole-life costs, and the potential realisation of any capital receipts. Consideration will be given to look to co-locate with other governmental bodies, statutory authorities, or other partner organisations pursuant to the 'Total Place' approach, which could lead to further operational savings for the Council.	High	Service delivery and Place Shaping	More efficient use of space will demonstrate a commitment to the Council's objectives of sustainability and good environmental stewardship, strengthening our economy and communities, partnership working and providing value for money services. Other benefits will include operational cost savings, potential income/capital receipt.		2010/11	Head of Property and MD Civic Pride	To be assessed but should include reduced operational costs, potential income and capital receipt.
		Seek to ensure commercial property voids are kept to a minimum.	High	Investment		Remains void due to lack of demand, therefore reputational risk, and on going maintenance liability	Ongoing	Head of Property	Maintains or increases rental income or potential capital receipt if surplus
	Investment	Aim to improve income through new lettings and timely implementation of rent reviews and lease renewals and proactive estate management.	Medium	Investment	Retention of tenants	(1) Fall in rental values could see a possible reduction in income at lease renewal. (2) Tenants cease trading due to current economic climate	Ongoing	Head of Property	Improvement in revenue stream. Contributes towards MTFS.
		Investigate opportunities to dispose of both surplus and investment property.	High	Investment		Property is slow or difficult to sell due to lack of demand	Ongoing	Head of Property	Potential capital receipt and operational costs savings. Contribute towards MTFS.

Value for Money	Operational	Challenging costs i.e. rates payable. Utility charges and maintenance works	Medium	Investment	Greater commerciality	Challenges are unsuccessful therefore unable to achieve any savings.	Ongoing	Head of Property	Potential reduction in operational costs. Benefits MTFS.
		Estate Management Improvements. By reducing rent arrears, collecting interest on late payment and obtaining income for 3rd party work	Medium	Investment	Greater commerciality	Increased administration time in chasing arrears and interest payments.	Ongoing	Head of Property	Improves income and contributes towards the Bridging the Gap initiative
		Cremators. Undertake an options appraisal for the replacement of the cremators to assess the benefits between capital funding or a leasing arrangement, complete with whole life costings	High	Service Delivery	Operational efficiencies. Environmental benefits by complying with the Mercury Abatement Act.	Service failure therefore reputational risk	Ongoing	Head of Property	900K in maintenance programme
		Public Conveniences In consultation with the AD operations to support a review of the Councils public conveniences to consider rationalisation opportunities.	Low	Investment	Potential rationalisation.	Potential damage to the Council's reputation, through loss of WC's, and the properties being difficult to dispose of	2011/12	AD Ops and Head of Property	Potential capital receipt together with the reduction in operational and maintenance costs
		Data Base. Complete the migration of and expand the estates and maintenance information onto 'Uniform' the new management database.	High	Service Delivery	Will assist and improve with the management of the portfolio, performance monitoring and production of management information	(1) Risks of crucial action dates being missed. (2) Production of meaningful management data will be more labour intensive. (3) Missed opportunities to increase revenue	Ongoing	Head of Property	
		Arle Nursery. The move towards sustainable planting will enable other potential proposals to be considered	Low	Place shaping	Potential future disposal	Planning restrictions	2013/15	AD Ops and Head of Property	Potential capital receipt
		Surplus HRA Properties. Defer disposals pending outcome of the housing revenue account subsidy report.		Investment	Retention of 100% of disposal proceeds		2011/12	Head of Property	Larger capital receipt

Performance Indicators & Statistics

The Council will compile and monitor the following indicators to assist in the management of its assets.

- NPPI 1 The condition of the assets for its current use
 - Percentage of gross internal floor space in each of 3 condition categories
 - Backlog maintenance as total value
 - Backlog maintenance as a percentage in the 4 priority levels

- NPPI 2 Investment portfolio performance
 - Internal rate of return for industrial, retail and agricultural property

- NPPI 3 Property management costs
 - Annual management costs per square metre of the portfolio

- NPPI 5 Performance on delivery of capital projects
 - Percentage of projects where cost within +/- 5% of estimated outturn
 - Percentage of projects falling within +5% of the estimated timescale

- BV 156 Percentage of Council buildings open to the public in which all public areas are suitable for and accessible to disabled people in all respects including signage.

- NI 7 Environment for a thriving third sector

- NI 154: The number of additional homes provided

- NI 155 The number of affordable homes delivered

- NI 185: CO2 emission reduction from local authority operations

- NI 186: CO2 emissions per head

- NI 188: Increase our ability to adapt to climate change

The Council will also look at developing other local indicators to assist in the analysis and management of the property portfolio.

Performance Indicators and Targets

	Actual 08/09	Actual 09/10	Target 10/11	Target 11/12	Target 12/13	Target 13/14	Target 14/15
Maintenance							
Repair and maintenance costs per m2 Gross Internal Area (£/m2)	29.26	18.75	27	18	30	28	25
Total repair and maintenance spend (£)	1.25m	802k	1.17m	783k	1.29m	1.21m	1.1m
% split between planned and responsive maintenance	90:10	89:11	90:10	90:10	90:10	90:10	90:10
Environmental Property Issues							
Water costs per m2 GIA (£/m2)	2.05	2.03	2.00	1.99	1.97	1.95	1.93
Energy and utility costs per m2 GIA (£/m2)	257	250	240	235	232	230	228
Total CO2 emissions in tonnes of carbon dioxide	2,761	2,860	2,678	2,595	2,513	2,485	2,457
CO2 emissions in tonnes of carbon dioxide per m2 GIA (tonnes/m2)	0.065	0.067	0.063	0.061	0.059	0.058	0.057
% reduction in energy consumption (using 2008/9 as baseline) kWh 10,992,635		-4	6	9	10	11	12
Estate Management Issues							
Total net income General Fund (£)	830k	820k	814k	876k	879k	880k	883k
Total net income HRA (£)	205k	196k	198k	199k	200k	201k	204k
Total net income Combined (£)	1.035m	1.016m	1.012m	1.075m	1.079m	1.081m	1.086m
Rent arrears as a % of total combined income	3.7	3.9	<4	<4	<4	<4	<4
Capital							
Disposal Receipts General Fund (£)	11k	337k	1.5m	1.8m	3m	1m	1m
Disposal Receipts HRA (£)	257k	326k	1.2m	355			
Expenditure General Fund (£)	5.835m	2.136m	5.727m	3.139m	1.489m	1.489m	1.489m
Expenditure HRA (£)	4.919m	4.313m	4.482m	3.877m	4.097m	4.027m	3.877m
Statutory Issues							
% of Council buildings open to the public in which all public areas are suitable and accessible to disabled people	83	85	85	85	92	92	92
% of survey programme to be completed on Asbestos, Legionella, Fire Risk Assessments and DDA. To ensure statutory issues are being addressed and the risk to the Council minimised.	100	100	100	100	100	100	100

Service Delivery Principles

Engagement

- We will regularly consult with building users and service departments to identify satisfaction levels with the condition and suitability of buildings, their facilities and management and seek to identify future service requirements;
- We will use customer feedback to help deliver improvements to our portfolio;
- We will continue to be proactive in consulting with service departments on community issues with regards to land and property within their areas of responsibility, working in partnership to deliver agreed target outcomes.
- We will undertake regular reviews of our assets to ensure that land and property is needed to meet business plan objectives and is being used appropriately.

Efficiency

- Investment in new assets will be planned on a 'whole life' basis using the model prepared by the Royal Institution of Chartered Surveyors and following option appraisal, which will take into account future running costs as well as initial capital costs.
- We will review surplus assets annually and recommendations for changes to the investment portfolio made to the Asset Management Working Group as appropriate.
- The Council will also commence a review of running costs of its operational buildings examining estimated whole life costs, to identify the scope for making planned efficiencies.
- We actively will consider options for the use of sustainable materials and components in the design, construction and maintenance of our buildings and the opportunities for renewable energy generation.
- We will regularly review the performance of our buildings to ensure they are resilient to the impacts of climate change and remain flexible and appropriate to changing conditions.
- Maintenance decisions will in future take account of full long term costs and benefits, including environmental and social costs.
Premises overhead costs are also being examined. The repair and maintenance budgets will target works that will achieve a reduction in corporate property running costs to ensure value for money. Efficiency gains on corporate operational building running costs will be monitored annually by scrutinising the premises related costs like gas, electric and water and CO2 emissions.

Property Asset Register and Data Management

- The Council is currently migrating existing property data to a new module of its business system called '*Uniform*', which also integrates with other services such as planning, building control, land charges and environmental health., and will greatly assist with monitoring, forecasting and the overall general management of the portfolio.

- The data will be regularly reviewed and challenged to ensure it's accuracy and quality. The ability to identify excessive uses of any element of occupation costs will assist not only in cost control, but also future decision making as to how the portfolio is utilised, managed and retained.

Supporting community Outcomes

- Our assets will be used as a catalyst to help deliver the regeneration aspirations for our town centre and other identified areas of the borough;
- We will use our land and property assets to improve the quality of the local and wider environment;
- Consideration will be given to acquire assets where absolutely necessary to support regeneration projects, but generally where this is no other alternative available.

Building Operational Policy

The following policies set out the Council's approach to the management of buildings, addressing key legislative and landlord obligations. Building managers will be required to ensure these aspirations are met.

Sustainability

- We will reduce energy and water consumption within our buildings and report performance annually, benchmarking against National Performance Indicators. The Council has made a firm commitment to the national 10:10 campaign with the intention of cutting carbon emissions by up to 10% during 2010. This is particularly challenging given the extensive improvements already undertaken to the Council's main buildings;

Accessibility

- We will regularly review our land and property assets to ensure they deliver value for money and are being used efficiently;
- We will work to improve our public buildings so they are accessible and welcoming to all sections of the community;
- Our public buildings are one of the means by which our customers can physically access council services and they will make a positive contribution to delivering our access strategy. We will continue to review and challenge how assets are used to ensure that the Council's buildings are located in the right places, to the right standards, appropriately branded and accessible to all.

Legislation

- We will regularly inspect and survey the portfolio to ensure that the Council is fully compliant with current legislation with regard to our use and occupation of the portfolio. Especially relating to health and safety along with fire, gas, electrical, DDA etc as outlined in greater detail below.
 - **Health and Safety:** Our aim is to provide, as far as is reasonably practicable, an environment and working practices that ensure the health safety and welfare of staff and visitors to the Council. This is of paramount importance an organisation where everyone can fulfil their potential free from work related injury or ill health; this includes employees, service users, contractors and others who may be affected by our work activities. The planned maintenance programme plays an essential part in ensuring that the Council's property is safe both to work in and visit.
 - **Gas Safety:** Our aim: To be gas safety compliant
At present tenanted property gas safety inspections are not undertaken, however tenants are required under the terms of their lease to comply with H&S Legislation. All operational properties with mechanical plant / boilers / heat generators / gas appliances are serviced in accordance with the Heating & Ventilation Contractors Association SMG 2000 specification. This provides a computerised utility management database and task listing by competent engineers under the Cheltenham Borough Council's Planned Preventative Maintenance Program. All mechanical assets and utility significant equipment details and service records are held on an electronic data base (Clik) for management information and monitoring of works. Currently as part of this contract an asset whole life costing is being collated and embedded into the Council's 20 year Programmed Maintenance Programme.

- **Electrical Safety:** At present tenanted property electrical safety surveys inspections are not undertaken however tenants are required under the terms of their lease to comply with H&S Legislation. All Operational Building carries an NICEIC Periodic Inspection Report For electrical installation. This test is carried out every five years. Portable Appliances testing is carried out on an annual basis and a record for each operational site is held electronically. The records and portable assets can be accessed electronically through our service provider on line.
- **Asbestos:** All Operational Buildings carry Asbestos Registers. Each record / site is re-inspected annually to ensure compliance, and the risk of Asbestos is carefully managed with in each CBC Building. This also Links in to the Permit to Work process in Managing Contractors. The Asbestos Register for Operational Buildings can be found on the CBC Internet. Additional invasive Surveys are undertaken when refurbishment or Major Construction works are undertaken.
- **Water quality monitoring/Legionella:** Testing is completed on all Public Buildings, as required by the “Approved Code of Practice & Guidance L8” and recorded on the property management system. All Water hygiene services are listed and serviced under a Planned Preventative Maintenance Program. All asset details and service records are held on individual site legionella folders. All Legionella Risk Assessments are in the process of there 5 yearly re assessment by our PPM Contractor. Individual site Building Managers also have the responsibility to carry out routine works and log keeping. This is then fed back to the site Legionella log
- **Fire Safety:** All operational buildings have Fire Risk assessments which are regularly reviewed.
- **Glass Safety Audits:** The Council undertakes risk assessments and marks glass as appropriate.
- **Disabled Access:** The Council has undertaken disability access audits of its operational properties. Improvements have been delivered through its 20 year maintenance programme.
- **State and condition surveys:** These will be carried out every five years. Future surveys will also look at the SUITABILITY of premises and the ability of premises to meet service and customer needs, particularly as customers expectations increase in respect of better standards for the delivery of services. Surveys will also look at SUFFICIENCY issues relating to the current use. This will focus on the quantity and organisation of premises, checking that they meet any plans for expansion of the service and whether they are under or over occupied in terms of an agreed standard.
- **Energy Management:** The Council accepts that our operational buildings make a significant impact on our carbon dioxide (CO2) emissions. Statistics produced have provided benchmarks for the cost per square metre of gas, electric and water, as well as CO2 ratings. It is also recognised that the cost of energy consumption is a considerable financial burden. The Energy Management Policy, due to be adopted by summer 2010, sets out an overarching framework for tackling this issue and makes a commitment to preparing, regularly evaluating and updating an energy management programme alongside a delivery plan. A large number of improvements have been made already, such as the installation of high efficiency condensing boilers in all our operational buildings plus a Combined Heat and Power unit at our Leisure Centre, but we will continue to explore ways in which to reduce our energy consumption and carbon emissions.

The Council will also look at waste minimisation in its buildings; we have already taken some steps to reduce waste from our offices, including paper saving and recycling, facilities for collecting plastics, cans, glass and batteries.

Maintenance Policy

Our aim; To ensure at least 95% of property is maintained to a satisfactory or good condition.

A rolling programme of maintenance over the next 20 years has been produced based on initial condition surveys which will be reviewed cyclically every 5 years, buildings are categorised according to their condition A, B C or D with priority levels in accordance with the National Performance indicators.

The main emphasis of the surveys will be based on a hierarchy of needs as follows:-

1. health and safety
2. protection of the asset from the elements
3. satisfactory internal environmental conditions (heating lighting and ventilation)
4. impact on delivery of service
5. consequences of failure and serious decay
6. impact on users.

The current percentage breakdown of the properties into the various categories is as follows:-

A (Good)	B (Satisfactory)	C (Poor)	D (Very Poor)
5	92	2	1

The small number of properties graded C and D are soon to be either disposed of or form part of a larger improvement project; i.e. Chester Walk Cottages and 8 Swindon Road.

A primary aim will be to drive down property maintenance costs via proactive procurement, which will also be supported by the rationalisation of space and disposal of surplus assets.

Disposals

This statement aims to summarise and enhance the existing detailed disposal strategy that is set out in the Council's constitution.

General disposals

The Council's Asset Management Plan and property review activities along with consultation with Services Areas are designed to identify areas of mismatch between existing asset provision, and current and future requirements, thereby identifying property that can be declared surplus. One of the primary aims and subsequent benefits of the disposals strategy will be the reduction of property maintenance spending going forward.

Before a property is disposed of the Council will consider whether it could be reused by another service within the Council, or another public body. Consideration will also be given to encourage existing occupiers to relocate where it is mutually beneficial to do so, and particularly where it would result in the release of higher value asset.

All property categorised as surplus for the purposes of the asset register will be divided into three sections as below:

1. Surplus property held for pure investment purposes, e.g. where the Council is achieving a good rate of return and the revenue stream is regarded as important; the returns will be carefully monitored each year.
However the result of the disposal of the investment properties will be the subsequent future loss and therefore reduction of rental income, which currently contributes towards the provision of Council services and bridging the gap.
The Council should therefore only consider the disposal of the investment properties where it is clearly demonstrated that the income generated from investing the capital receipt will be greater than the rental income by retaining the property and saving in annual maintenance costs.
2. Surplus property that is being deliberately retained for a community benefit or where a long term view is being taken. For example, property/land that is rented out and providing community support activities (e.g. Scout huts) or agricultural land. It is accepted that this property will not necessarily achieve a good rate of return.
3. Surplus property where the intention is to sell will be sub divided into short, medium and long term priority order.

The Disposal Programme does not rule out windfall disposal decisions, which can arise through tenant changes, lease expiry, special market conditions or an approach from a special purchaser. All capital receipts released from the sale of assets are returned to the Corporate "pot". Capital receipts will only be "ring fenced" in exceptional cases.

The Property Team in conjunction with the Head of Property will decide on the method of disposal e.g. private treaty sale, auction, formal or informal tender, through specialised agents or in house, and disposed of in accordance with the disposal strategy as set out in the constitution.

Ward members will be consulted on all disposals prior to any decision being taken and then referred to the asset management working group prior to any commitment by the Council. Consent to a disposal will be a matter for the cabinet or in accordance with a scheme of delegation approved by the cabinet.

The policy on disposal of all surplus land or buildings will be to sell them on the open market, using the most appropriate method to achieve a satisfactory sale for the best price possible. The Local Government Act 1972 governs the disposal of non-housing land. Section 123 requires that disposals by way of freehold sale or the granting of a lease for a term of 7 years or more will be for the best consideration that can be reasonably obtained unless prior Secretary of State approval is granted.

From time to time, the Secretary of State issues so-called 'General Consents' which apply to disposals meeting specified criteria. Where a general consent has been issued, a qualifying disposal can proceed without the need for referral to the Secretary of State. The General Disposal Consent (England) 2003 applies to disposals where:

- a) The local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole of the whole or any part of its area, or of all or any persons resident or present in its area:
 - i) the promotion or improvement of economic well-being;
 - ii) the promotion or improvement of social well-being;
 - iii) the promotion or improvement of environmental well-being; and
- b) the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds)

Where the council wishes to dispose of housing land (other than to secure tenants exercising the right to buy), it can only so with Secretary of State consent. General Consents have been issued which enables qualifying disposals to proceed without the need for referral to the Secretary of State.

The Council recognises the Duty to 'Involve' which became a statutory requirement in April 2009 and will involve and engage local people through meetings with the community not only on single issues but also through the Town & Parish Councils established network.

Private Home Sites

- The land will be sold at best price reasonably obtainable on the open market and in accordance with the Council's current planning policy, in respect of public open space and other Section 106 requirements, or special covenants that may be appropriate to each site, especially where the Council have retained adjacent land.

Option Appraisals

- All surplus property will be the subject of an option appraisal to determine, analyse and subsequently recommend the preferred option that is in the best interests of the Council taking into consideration and in accordance with the requirements of the Corporate Plan and MTFS.
- All major capital and investment schemes will also be the subject to an option appraisal supported by whole life costs to help fully evaluate the options and therefore aid the decision making process.

Policy for Property lettings and disposals to the third sector, voluntary and community groups

The Cabinet considered and adopted a policy framework for Community lettings to the voluntary or third sector on 16th March, 2010.

General Principles

As a guiding principle, the Council seeks to maximise the return on its non-operational portfolio. However, where a property is occupied by a registered charity or community group which clearly supports the Council's priorities, the authority will consider a rent subsidy. The subsidy will be calculated against the total assessed rental value of the property on the open market and will be counted as grant aid.

In future all lettings by the Council will start from the basis of a commercial or market rate clearly set out in the tenancy agreement and any subsidy, either in the form of a specific performance-related grant or reduction in the market rent will be explicitly identified.

The decision on whether a particular third sector organisation should be offered Council property at less than 'best consideration' needs to be related to the assessed benefits of the service it provides to the community. If the arrangement is subsidised in any way, it must avoid falling foul of European legal requirements relating to state aid. State Aid occurs when financial assistance is given by a public body which favours certain organisations and distorts, or threatens to distort, competition between Member States of the EU. In addition the use of the building must achieve or promote social, economic or environmental well-being and that it falls within the state aid exemption.

State Aid occurs when financial assistance is given by a public body which favours certain organisations and distorts or threatens to distort competition between Member States of the EU.

The current position is that the letting at an undervalue to community organisations will not be State Aid if:

- The proposed tenant is a not for profit organisation;
- The use of the building will be for a community purpose; and
- The activities carried out by the organisation(s) are of local interest only.

In this process it is the responsibility of the Asset Management Working Group, acting on the advice of the Head of Property and Asset Management, to determine the lease conditions and the market rent for the property.

It is the responsibility of the Cabinet, acting on advice from the Cabinet Member responsible for Community Development, in consultation with appropriate officers and Cabinet portfolio holders, to decide whether or not the organisation contributes sufficiently enough to the Council's Corporate Plan, or the Local Strategic Partnership's Community Plan, to merit a discount on the rent and what the level of discount should be. The total discount will be considered to be grant aid.

As a general rule, when leases are due to be renewed and at the Cabinets discretion, buildings that are operating primarily as social or sports clubs with a paying membership should be given the standard 20% discount against the full market rent, that applies to all charities hiring Council property.

Buildings being leased to organisations that are open to the community at large and are working to further the aims of the Council's Community Plan can be given up to 100% discount, subject to a business plan outlining their activities, how they align with the corporate or community plan and how they intend to make their activities sustainable.

Disposals

This policy will not apply to public services which are commissioned or contracted out to third sector organisations and which have a clear monetary or commissioned value to the Council to i.e. Instances such as where a third sector group takes over the management or provision of a service on behalf of the Council should be dealt with separately. In these cases formal contracts or service level agreements would invariably be applicable.

New lettings

The proposed disposal must fall within a general disposal consent (see below).

The proposal must contribute towards meeting identified priorities in the current Community Plan and/or Corporate Business Plan;

A business plan must be submitted, clearly indicating the community benefits of the proposed operation and its financial viability over both the short and longer term;

If a planning consent will be required, there must be a reasonable prospect that this can be obtained in a timely fashion, as advised by the Council's Development Control Manager;

In the case of municipal shops, any related shopping facilities must not be adversely affected;

The current state / condition of the premises and any proposed repairs by the incoming tenant will be taken into account in assessing the market rent.

Existing leases

The proposed disposal must fall within a general consent;

The proposal must contribute towards meeting identified priorities in the current Community Plan and/or Corporate Business Plan;

A business plan should be submitted, clearly indicating the community benefits of the proposed operation and how it will be viable in the longer term;

In the case of municipal shops, any related shopping facilities must not have been adversely affected by the existing tenancy.

Temporary licences

E.g. Access licences to cross Council land. These are not classed as a disposal and therefore the disposal strategy does not apply and neither does 'opportunity cost'.

Access must be necessary to allow the organisation to function;

The applicant must exempt from the State Aid rules as set out under Legal implications

An 80% discount will be applied in the case of temporary licences, to align with the discount given to charities on business rates.

Legal documentation

The unrestricted market value of any disposal should be noted in the legal documentation, so as not to risk undermining the value of other Council assets;

The unrestricted market value of the disposal should be noted in the financial accounts;

The Council should be able to request an annual progress report on the operation if it so chooses;

The Council will include appropriate rent review periods and mutually acceptable break clauses in all new letting arrangements, to provide financial assurance for both the authority and its tenants;

If the tenant or use changes, the Council will have the option to withdraw from the agreement;

The disposal must comply with European legislation relating to state aid.

General disposal consent

Under S123(2) of the Local Government Act 1972 the consent of the Secretary of State is required to carry out a disposal at less than best consideration.

From time to time, the Secretary of State issues so-called 'General Consents' which apply to disposals meeting specified criteria. Where a general consent has been issued, a qualifying disposal can proceed without the need for referral to the Secretary of State. The General Disposal Consent (England) 2003 applies to disposals where:

The local authority considers that the purpose for which the land is to be disposed is likely to contribute to the achievement of any one or more of the following objects in respect of the whole of the whole or any part of its area, or of all or any persons resident or present in its area:

- the promotion or improvement of economic well-being;
- the promotion or improvement of social well-being;
- the promotion or improvement of environmental well-being; and

the difference between the unrestricted value of the land to be disposed of and the consideration for the disposal does not exceed £2,000,000 (two million pounds)

Terms of Reference Corporate Asset Group

The Corporate Asset Group will:-

- Co-ordinate officer input and senior officer alignment for all CBC asset related policy and implementation decisions, prior to requests going forward for decisions from members;
- Act as a sounding board and internal challenge for proposed asset related projects, disposals or acquisitions in the context of CBC business planning;
- Provide a formal forum for officer discussion and consultation in relation to asset management strategy and related policy formulation;
- Help prioritise asset management projects having regard to resource availability and related financial implications for CBC within the context of the medium term financial strategy;
- Where considered appropriate, timetable and commission further work to support the business case for asset management proposals.

Terms of reference for Asset Management Working Group

Membership

- Leader of the Council
- Cabinet Member for Built Environment
- Cabinet Member for Finance and Community Development
- Other Political Groups Representative Members
- Corporate Property Officer
- AD Built Environment
- Chief Finance Officer
- Solicitor
- Other Cabinet members, deputies, strategic directors and officers as appropriate.

Terms of Reference

- The Working Group will provide a consultation and discussion forum in which officers and members will scrutinise, review and determine the management of the Council's property assets within the Council's policy and budget framework.
- The Working Group will have no delegated authority to make any decisions or commitments which would bind the Council to any course of action or policy direction or to any expenditure outside the Council's policy and budgetary framework.

Reporting Structure

- Briefing Notes will be prepared for Cabinet where the AMWG considers it appropriate
- Where items require a decision reports will be prepared and submitted either to the Member for Built Environment, Cabinet or Full Council under the appropriate procedure in the constitution.