

**SOUTH  
STAFFORDSHIRE  
COUNCIL**

**CORPORATE  
ASSET  
MANAGEMENT  
PLAN**

**2010**

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## **1 INTRODUCTION**

1.1 This Asset Management Plan sits alongside the Capital Strategy as part of a new and more rigorous system of capital programme planning and control. The use of assets and targets for capital investment will flow from the Corporate Strategy, Community Strategy, and Medium Term Financial Strategy.

## **2. ORGANISATIONAL ARRANGEMENTS FOR CORPORATE ASSET MANAGEMENT**

2.1 These are dictated by the small but diverse asset base that the council possesses. Overall responsibility for the Council's assets lies with the Architectural and Facilities Manager who fulfils the role of Corporate Property Officer (CPO).

2.2 The roles and responsibilities of the CPO include:-

- Assistance with the preparation, submission and implementation of the Capital Strategy and Asset Management Plan
- Contributing to the work of other relevant corporate and business planning groups
- Reviewing property usage, provision and management
- Co-ordination of property condition surveys
- Reporting to senior officers and members the details of any maintenance backlogs, recommending appropriate action
- Production of National Property Performance Indicators
- Reviewing key documents such as Community Plan, Corporate Strategy, etc. to ensure that all future property requirements arising from such plans are identified and reflected in the AMP.

2.3 The role of the CPO has been communicated to all those concerned in property management and its use throughout the authority.

2.4 Day-to-day management is carried out by the relevant service unit manager as set out in the following paragraphs.

2.5 The largest single asset that is owned by the Council is the Council Offices, Codsall, valued at £4.28M. Responsibility for the building lies with the Architectural and Facilities Manager.

2.6 Day-to-day management of the small depot at Lane Green, Bilbrook, is the responsibility of the Head of Engineering Services.

2.7 The Council's seven industrial estates are collectively valued at £9.26M. They are the responsibility of the Commercial Development Officer. Day-to-day management, including marketing, lettings, landlord and tenant legislation and maintenance, is carried out by the Commercial Development section. Periodic consultations take place with the tenants of the various industrial sites with a view to establishing the satisfaction of these important stakeholders with the accommodation provided. The

results of these surveys are forwarded to the CPO in order that they may inform the corporate decision-making processes.

- 2.8 The Council's Mobile Home Site is also the responsibility of the Commercial Development Manager. Day-to-day management of the site is carried out by the site warden in conjunction with the Assistant Commercial Development Officer. A consultation exercise was carried out into the site intended to establish the views of the resident stakeholders across a variety of issues. The results of the survey were fed back to the CPO. The most pleasing result was that the vast majority of tenants expressed satisfaction with current arrangements and wished the site to remain in council hands.
- 2.9 Baggeridge Country Park extends to 156 acres and encompasses a recently updated visitor centre to include facilities for the disabled, as well as office facilities. A newly declared Local Nature Reserve and a Green Flag award winner for several years, day-to-day management is organised through the Country Park Manager who reports to the Leisure Service Manager - Operations.
- 2.10 South Staffordshire Railway Walk stretches for 5 1/2 miles between the Wolverhampton and Dudley boundaries. Along the walk the old Wombourne Station has been converted into a Tea Shop which is operated under a license by an external contractor. Again the day-to-day management is organised through the Country Park Manager who reports to the Leisure Service Manager - Operations.
- 2.11 The Architectural and Facilities Manager and the Commercial Development Manager are members of the Capital Programme and Asset Management Working Group. This also includes the Director of Finance as chairman, Director of Revenue and Customer Services, the Head of Engineering Services, the Leisure Services Manager (Operations), the Development Plans and Conservation Manager, the Housing Strategy and Re - Generation Manager and the Senior Environmental Health Officer. Member representation is provided by the Portfolio Holder - Support Services.
- 2.12 The group meets every quarter. It reports to the Executive after each meeting.
- 2.13 The group's role is to:
- Progress the corporate AMP and CS and ensure that they are approved by senior officers and members.
  - Review key documents such as the Community Plan, Corporate Strategy, etc. to ensure that all future property requirements arising from such plans are identified and reflected in the AMP
  - Maintain an overview of the Council's assets
  - Keep the use, condition, effectiveness and suitability for purpose of the assets under constant review
  - Monitor the progress of schemes within the Capital Strategy
  - Evaluate proposals for capital investment

- 2.14 The main approval route for new projects is the annual Service Challenge process that forms the basis for both revenue and capital budget setting. Projects that gain initial approval at the relevant meeting will be taken forward for consideration along with all others. A detailed project evaluation form must be completed which ensures that consideration is given to all relevant factors, including revenue implications through running costs and loss of investment income. The final decision rests with members who will prioritise all schemes in the light of their respective merits and the available resources.
- 2.15 Projects can also come forward outside the Service Challenge process during the financial year. In these circumstances each individual project will be introduced to the CPAMWG by its sponsor. If the Corporate Property Officer and the group feel that the project is fundamentally sound and will contribute towards known planned objectives the sponsor is required to complete the evaluation model in respect of the project and present the results to the next meeting. If the group approve the scheme in the light of the model the matter is referred for member level consideration by the Council's Executive which deals with all policy and budgetary issues. If approved by the Executive the matter will then be referred on to Council and thereafter would be incorporated within the Council's budgetary and policy framework.

### **3 CONSULTATION**

- 3.1 Consultation is carried out as a fundamental part of review processes. The development of the asset management planning process will further emphasise the part played in service delivery by the Council's assets.
- 3.2 It is the Council's responsibility, as stipulated in the Local Government Act 1999, to consult with the community. For us, consultation involves an exchange of views between us and the people who live in, work in, and visit South Staffordshire. It is not about just asking one group for its views and then either accepting or rejecting them.
- 3.3 We believe that consultations should always be carried out for a good reason. Usually, this will be to inform or help make decisions. In helping us make those decisions, we believe it is important to tell people about the constraints that we have to work within. We will try to be as open as possible in the range of options we will consider.
- 3.4 We hope that through consultation we can bring about the following:
- Provide services that are better directed towards what people want. This could mean that we give some things lower priority and spend less time and money on them.
  - Provide services that our residents can see as being better.
  - Measure how satisfied our residents are with our services.
  - Anticipate problems that might affect our residents and work to avoid them.
  - Offer the people of South Staffordshire the chance to have their say and an opportunity for their views to be heard.

- Involve residents in decision making at a level that suits them.
  - We can strengthen our role as community leaders.
- 3.5 Consultation takes place in a number of different ways and with a number of different groups. Each review that is undertaken includes at least one consultation exercise aimed at gathering the views of stakeholders in the service. Efforts are made to gain the views of hard to reach groups. For example an older persons forum was constituted and consulted for the cross-cutting review of services for the elderly. For the review of leisure services the views of the disabled and of young children were gathered. Specific consultation exercises have been carried out with the tenants of the industrial sites.
- 3.6 In order to ensure that a high quality, systematic approach is taken towards all the consultation carried out by the Council a Consultation Policy document has been prepared. The approach is largely based on the consultation strategies successfully adopted by the South Staffordshire Crime and Disorder Partnership, made up of representatives from Staffordshire Police and the County and District Councils, in assessing the attitudes of various groups of people towards crime in the area.
- 3.7 The Executive of the Council ensured that a budget to enable the establishment of a residents panel to further enhance the consultation process in South Staffs was included with the revenue estimates for 2004/05. This panel has now been in existence for several years and is used for structured consultation on four occasions each year.
- 3.8 All views stemming from consultation exercises that have property implications will be fed back to the CPO for consideration.
- 3.9 A major scheme that became operational in April 2002 was the South Staffordshire Villages CCTV Scheme. This was carried out in response to the "What is your Number One Priority for Council action in the ensuing year" question in the Council newspaper called "The South Staffordshire Review" that is circulated to all 45,000 households in the district. Crime in village centres was identified by a significant proportion of respondents as their number one priority. This resulted in a joint scheme under the auspices of the South Staffordshire Crime and Disorder Partnership with funding from the Home Office, parish councils and South Staffs, with this Council establishing the scheme in its capital programme and seeing it to operational capability as of April 2002.

#### **4 DATA MANAGEMENT**

- 4.1 The CPO has undertaken a full survey of available data on the Council's assets and drawn up a schedule of improvements, whether in data gathering or data transmission, to ensure that future requirements will be met. The main elements of the data sets are described below.

- 4.2 The Council has maintained an asset register for capital charging purposes since 1994. It is a comprehensive record of property and landholdings originally based on the land terrier and other existing records at the time. It has been kept up-to-date since by amending it in line with capital investments and property disposals. All the significant assets maintained at current value were revalued in May 2009 by the Valuation Office in line with best practice. The report by the Valuation Office detailed all significant asset values as at March 2009 under UK GAAP and valuations under IFRS. Assurance that the valuation data is valid is provided by annual auditing of the asset register as a prime document underpinning the Council's balance sheet by the Council's external auditors. From April 2005 this role has been performed by the Audit Commission.
- 4.2 The assets referred to in the Asset Management Plan differ from those in the conventional asset register and the published accounts for two reasons. In the first place the asset register contains equipment and vehicles as well as land and property. In the second place the Asset Management Plan includes the interests that the Council has in the four joint-use leisure centres around the district which are all attached to schools and included in the County Council balance sheet.
- 4.3 Post LSVT the Council has a very much reduced asset base. Analysis of the CIPFA Statistical Information Service data on Local Authority Assets at 31 March 2009 shows that this Council is well into the bottom quartile in terms of assets (operational and non-operational) when compared with other non-metropolitan district councils, when the assets were valued at £20.5M.
- 4.4 In order to manage the performance of the property portfolio effectively relevant data is kept by the CPO on each asset under two main headings, Physical Condition and Rent Levels/Occupancy. This is in addition to the basic data on floor area, energy consumption etc required for the production of the National Property Performance Indicators, and the standard user details kept as a matter of course.
- 4.5 Changes to the data, whether financial, physical condition or concerning occupancy, are notified to the CPO as and when they occur in order that the data available to the CPO at any time is as up to date as possible.
- 4.6 Training needs for users of the data have been reviewed by the CPO. As yet no training requirement have been identified. The CPO will keep the situation under review.

#### Physical Condition Data

- 4.7 A condition survey of the Council Offices is carried out quarterly. Defects identified are fed into the revenue maintenance programme of approximately £96,000 per annum.
- 4.8 The implications of Part III of the Disability Discrimination Act, 1995, which places a duty on service providers to make "reasonable adjustments" to the physical features of their premises to overcome

physical barriers to access, have been evaluated and a programme of works at the leisure centres is complete. The consultants commissioned to undertake the design of the One-stop Shop were required to take account of the requirements within Part III of the Disability Discrimination Act so as to prevent any unnecessary remedial works.

- 4.9 All the Council's industrial estates are on a continuous monitoring and maintenance programme. Improvements, repairs and maintenance works are undertaken as and when required. Repairs are carried out either by tenants under the conditions of the leases or by the Council. In the case of Wombourne Enterprise Park both phases are held on a lease by Imex Properties and the Council has no direct maintenance obligations.
- 4.10 The car parks are inspected half yearly and any defects dealt with under the revenue maintenance programme.
- 4.11 Maintenance of the leisure centres is carried out by the County Council as owners. The district pays a share according to the joint-use arrangements.
- 4.12 The Council Offices, industrial estates and mobile home park have been classified according to the Good Practice Guidelines on property conditions. The results are shown in the table below.

#### Rent Levels and Occupancy

- 4.13 In relation to the Council Offices, when it became apparent that, following the Large Scale Voluntary Transfer of our entire housing stock and the subsequent departure of the staff to the newly formed South Staffs Housing Association, the building was too large for the remaining needs of the Council, an attempt was made to let or sell the surplus accommodation following a marketing exercise. When this proved unsuccessful alternatives were considered, resulting in the relocation of the County Council library from existing premises elsewhere in Codsall into some of the surplus. Additionally the remainder has been let to the Police (Crime Reduction Initiatives).
- 4.14 Data is kept on occupancy and rent levels in relation to the industrial estates. There is a local performance indicator on occupancy which is reported to members on a quarterly basis. The target to be achieved for 2010/11 is 88% overall occupancy of the units. Rent levels of individual units are reviewed each time a lease is renewed or a unit vacated and re-let. Benchmarking with other local providers is regularly undertaken to ensure that the Council's rent levels reflect and are comparable with local market rates.
- 4.15 The rents at the mobile home park are reviewed annually to reflect inflation and the revenue maintenance requirements identified by the site warden in conjunction with the Commercial Development Officer.

	<u>Property Condition Category</u>			
<u>Asset</u>	A Good	B Satisfactory	C Poor	D Bad
Council Offices	X			
Lane Green Depot		X		
<u>Mobile Home Park</u>				
Warden's Bungalow	X			
Common Areas, Roads and Services	X			
<u>(Continued)</u>	<u>Property Condition Category</u>			
<u>Asset</u>	A Good	B Satisfactory	C Poor	D Bad
<u>Industrial Estates</u>				
Littleton Business Park		X		
South Staffordshire Business Park		X		
Hilton Main Industrial Estate		X		
Landywood Enterprise Park		X		
Heathmill Enterprise Centre	X			
Wombourne Enterprise Park				
Phase 1		X		
Phase 2		X		
Four Ashes Enterprise Centre	X			

- 4.16 A UPRN system for the Council's assets has been implemented as part of the addressing requirements of the Geographical Information System implementation.

## **5 PERFORMANCE MONITORING AND MEASUREMENT**

### Capital Programme Progress Reporting

- 5.1 The Capital Programme and Asset Management Working Group meets every quarter. One of its major ongoing roles is the monitoring of progress on the various projects that make up the Council's capital programme. After every meeting a report detailing each separate project, progress thereon and any significant issues which may affect the future progression of the projects is sent to the Executive.

### National Property Performance Indicators

- 5.2 There is recognition within the authority that, because of the relatively small number and value of assets that the Council holds, the National Property Performance Indicators have not hitherto been calculated. In the past we have relied on the local measures that are in place. However the

CPO has now directed that the PPIs will henceforth be calculated, maintained and reported to members. They will also be useful for benchmarking the performance of this Council's assets and the management thereof with other authorities and organisations providing similar services when the occasion demands.

Property Performance Indicators

- Indicator 1 A** % gross internal floor space in condition categories A – D  
**B** Backlog of maintenance by cost expressed i) as total value and ii) as a % in priority levels 1-3.

Objectives

- To measure the condition of the asset for its current use.
- To show the severity and extent to which maintenance problems affect the portfolio.
- To show year-on-year changes in maintenance backlog.
- To provide information on the overall condition of the Local Authority estate.

- A** % gross internal floor space in condition categories A – D

<u>Asset</u>	A Good	B Satisfactory	C Poor	D Bad
<b>Operational Assets</b>				
Council Dwellings	0	0	0	0
Other land & Buildings	94	6	0	0
Infrastructure Assets	0	0	0	0
Community Assets	0	0	0	0
<b>Non-Operational Assets</b>				
Non-Operational (General)	15	85	0	0
Surplus Property	0	0	0	0

As the table demonstrates all the Council’s property assets are currently in either a satisfactory or good condition. The industrial estates at Heathmill Enterprise Centre, Hilton Main and Landywood have been the recipients of substantial recent capital investment to improve the condition of these assets.

- B** Backlog of maintenance by cost expressed i) as total value and ii) as a % in priority levels 1-3.

There is currently no backlog of repairs to report. Revenue budgets provide sufficient resources to carry out any repairs identified as a result of regular inspections. In the event of a backlog developing the CPO will prepare a detailed report to senior officers and members with recommendations for corrective action.

- Indicator 2** Overall average internal rate of return (IRR) for each of the following portfolios: **A** Industrial; **B** Retail; **C** Agricultural investment property.

Objective

To demonstrate the justification, in financial terms, for retaining a non-operational investment portfolio. It will ensure accountability for

investment decisions illustrating the financial advantages and disadvantages of holding/disposing of assets in the portfolio.

Calculated results:-

- A** 7.6%
- B** No assets in this category
- C** No assets in this category

The return at (a) is almost two times that achieved on cash and other investments during 2008/09 and clearly demonstrates that retention of these assets is in the Council's best interests.

**Indicator 3** Total annual management costs per sq. m (GIA) for the property portfolio

Objective

To measure the cost and efficiency of property services provision.

Calculated result:- £1.08

**Indicator 4** **A** Repair and maintenance; **B** energy costs; **C** water costs and **D** CO<sub>2</sub> emissions for operational property, expressed as costs/value per sq m.

Objective

To encourage efficient use of assets over time and year-on-year improvements in energy efficiency.

Calculated results:-

- A** Repairs and maintenance £10.85 per sq m. per annum
- B** Energy costs £13.75 per sq m. per annum
- C** Water costs £1.18 per sq m. per annum
- D** CO<sub>2</sub> emissions 0.078 tonnes per sq m. per annum

**Indicator 5** **A** % 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 and  
**B** % of projects falling within +/- 5% of the estimated timescale, expressed as a %age of the total number of projects completed in the financial year (b).

Objective

To measure and monitor the performance of the whole authority in the delivery of capital projects in terms of cost and time predictability.

Calculated results:

**A** 100%

**B** Not applicable\*

\* This Council's projects generally involve other partners which places the timescale outside the control of our officers.

Eight capital projects of over £25,000 were completed during 2009/10, the last full year for which data is available. Of these eight projects, two projects came within + / - 5% of the estimated outturn. These were Codsall Leisure Centre swimming pool refurbishment and Highgate Common Visitor Centre. The Social Housing Grant programme was 82% completed within the year. This is generally due to the actions of partners over which Council officers have no control.

This indicator is not a satisfactory one in the local context because of the small number of projects within the capital programme and the high involvement of partner organisations which adds to their complexity.

Local Property Performance Indicators

- 5.3 In addition to the national property performance indicators there are several local performance measures currently in place in relation to property. All are reported to Members on a regular basis.
- 5.4 In respect of the industrial units, the aim is to have a maximum annual vacancy rate of 12%, in pursuit of Council Aim 3, *To be a District of thriving and sustainable communities*. The average vacancy figure for 2009/10 was 11.1%. This very much reflects the economic downturn over the last two years or so and the relative volatile nature of the small business sector. Units that are due to become empty are identified as soon as tenants give notice of their intentions not to renew their leases or to quit. As soon as this happens the unit is marketed with the intention of letting it again as soon as possible and keeping the occupancy rate above target.
- 5.5 Regarding the mobile home park, which is maintained in pursuance of Council Aim 2 *To be a healthy and safe District in which to live, work and visit* there is a Council Requirement to achieve a 9% return on the capital value of the site. The current budget plans for this to be achieved.
- 5.6 In relation to the leisure centres, also provided in pursuit of Aim 2, there is a target for their income to cover at least 84% of the operating costs. This target is reviewed on a monthly basis and the indicator communicated to stakeholders such as the service manager, leisure centre staff and

Deputy Leader (Community Services.) The required level of performance is generally exceeded.

- 5.7 A review of local performance indicators will be undertaken to establish whether more could be done to develop further indicators that will strengthen links between asset use and corporate objectives.

## **6 PROGRAMME DEVELOPMENT**

- 6.1 The process of programme development was changed following the adoption of the Capital Strategy as the main document for collation and control of the Council's programme of investment in its assets.

- 6.2 The Community Plan, Corporate Strategy and individual Service Plans are all sources of capital investment requirements. These documents are reviewed for to ensure that all projects necessary to meet the Council's property related requirements are picked up and taken to the Capital Programme and Asset Management Working Group.

- 6.3 At the group project sponsors will have to assess their project using the formal system of prioritising capital projects that has been adopted by the Council. Crucial factors include:

- demonstrating linkages with the Corporate Strategy, Community Plan, and Service Plans,
- setting out the desired outputs/outcomes from the project, measurement of which will indicate achievement against the targets,
- defining the amount and phasing of capital investment required,
- assessing the level of revenue expenditure and/or income that will be generated in future years,
- identifying sources and amounts of external funding that can be accessed in support of the fund.

- 6.4 Once this information is in place the project can then go forward for consideration by members as part of the Service Challenge process. Based on the comprehensive information in front of them, the corporate strategy and other plans, and any priorities that have been identified, they will then make a decision as to whether to include the project in the capital programme and in what year.

- 6.5 Due to the relatively large amount of capital financing resources at the Council's disposal, the rationing of those projects which have successfully complied with the evaluation model has not been necessary.

- 6.6 The main source of capital receipts that the Council expects to receive over the next five years is the Right To Buy Clawback Agreement whereby a proportion of the proceeds of the sale of transferred houses is passed to the Council by the South Staffordshire Housing Association. The business plan of the SSHA assumes the following amounts will be passed to the Council over the next two years:-

2009/10	£91,838
2010/11	NIL

- 6.7 It is currently Council policy that this money, deriving as it does from housing, will be invested exclusively in the area of housing and supporting people.

## **7 UNDER-USE AND DISPOSAL**

- 7.1 The Council has no formal policy on this matter. Since LSVT and the reduction of the Council's asset base to its current relatively low level the disposals that have taken place have been mainly portions of the investment land together with small areas of open space.

## **8 SPENDING AND OUTPUT/OUTCOMES**

- 8.1 In accordance with the Capital Strategy the Council has a five year capital programme, a summary of which is attached to the Capital Strategy.

## **9 MONITORING AND SUBMISSION**

- 9.1 The Asset Management Plan will provide a critical framework for the integration of the of the Council's corporate strategic aims with its Capital Strategy. This integrated, corporate approach will be enhanced by the overview of the controlling Capital Programme and Asset Management Working Group which will review the Asset Management Plan as and when required, and at least annually.
- 9.2 The AMP will be distributed to senior officers and members and all others involved in the maintenance of the council's asset base.