



LATE REPORTS, URGENT BUSINESS and SUPPLEMENTARY INFORMATION

Cabinet

Tuesday, 10th November 2009.

The following document was received too late to be included on the main agenda for this meeting and is now enclosed, as follows:

Agenda Item Number	Page	Title	Reason	Officers Responsible
7	1 - 28	Medium Term Strategy: Finance and Resources – Appendix D Medium Term Corporate Property Strategy 2009 - 2012.	Documentation referred to within the report.	Corporate Directors (Finance and Performance, and Regeneration) and the Head of Financial Services Nadine Muschamp, Head of Financial Services and Section 151 Officer.



LANCASTER CITY COUNCIL
Promoting City, Coast & Countryside

**MEDIUM TERM CORPORATE
PROPERTY STRATEGY
2009-12**

**Head of Property Services
2009**

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1.0 Introduction

- 1.1 The Medium Term Corporate Property Strategy sets out how the council's land and property assets are managed both to meet the Council's current circumstances and the anticipated requirements of customers, staff, legislation and best practice. The council has a small but diverse range of land and property that contributes in many ways to the council's objectives. The 2009 - 2012 Medium Term Corporate Property Strategy (CPS) sets out the strategic direction for the management of the council's property portfolio during this three year period.
- 1.2 The AMP needs to be considered in line with a number of other council plans and strategies:
- Corporate Plan
 - Medium Term Financial Strategy and Capital Investment Strategy
 - Community Safety Strategy
 - Housing Strategy
 - Sustainability Strategy
 - Local Development Framework
 - Economic Vision and Strategy
 - Corporate Improvement and Efficiency Plan
 - Customer First Strategy
 - Children and Young People Strategy
 - Climate Change Strategy
 - Human Resources Strategy
 - Equality and Diversity Strategy
 - Regeneration Strategy
 - Business Plans
 - Corporate Property Strategy
- 1.3 The CPS also needs to reflect government policy and in particular, it needs to meet the basis of the key lines of enquiry criteria as set out in the Use of Resource assessments under the inspection process.

2.0 Government Policy

- 2.1 A range of government policies and initiatives affect asset management planning and the main ones are identified below:
- 2.2 Sir Michael Lyons' 2004 report *Better Management of Public Sector Assets*, which examined how both Whitehall and local public bodies could improve property management, targeting £30 billion in asset sales and efficiency savings.
- 2.3 Sir David Varney's 2006 report to HM Treasury, *Service Transformation: A Better Service for Citizens and Businesses, a Better Deal for the Taxpayer*, which argued that transforming public services depended on better use of property. The report promoted cross-department property management; better data and benchmarking on use, cost and outputs; and sharing between the separate central and local government estates.
- 2.4 These reports asserted that public property could be more efficiently managed and capital released if surpluses were eliminated. Consultants working on behalf of Communities and Local Government (CLG) found that councils themselves thought there was 'scope for producing efficiencies through reducing the costs tied to property, such as office space and buildings'.
- 2.5 In its response to the 2007 spending review *Delivering Value for Money in Local Government: Meeting the Challenge of CSR07*, CLG concurred with a 'strong consensus' that the number of offices used by councils could be greatly reduced if offices were shared and services offered by different public bodies were co-located.
- 2.6 The firm commitment to savings from the public sector estate was further evidenced in the 2009 Budget, which targeted £16 billion in receipts from property and other asset sales over the three years from 2011/12 (when market conditions may have improved) with the proceeds used to supplement capital budgets. This was reiterated in the Property strand of the Treasury's Operational Efficiency Programme, which identified potential efficiencies over the next ten years of £20 billion in receipts from disposals (excluding council housing) and £5 billion a year in running costs across the whole public sector estate, of which the local government estate accounts for over two-thirds. Its report suggested that departments may need initially to prioritise significant up-front investment in order to achieve these efficiencies.
- 2.7 These reviews and plans all show the government's desire to rationalise council property and save money. But that is not the only aspiration for the local government property estate.
- 2.8 The Lyons and Varney reports also informed the 2006 local government White Paper *Strong and Prosperous Communities*. This set out a new relationship between councils and local and community groups in their areas. Its theme was devolving power and it highlighted land and property. It encouraged councils to recognise the potential for assets to be used in pursuit of local objectives including economic regeneration and neighbourhood renewal, or to improve services, for example by joining up related services or improving access to them. The White Paper said that councils and other bodies should plan

property jointly. Pooling resources would maximise value for money and help make services more user friendly.

- 2.9 Ten benefits of good asset management were summarised by CLG in *Building on Strong Foundations*. The report stated that effective asset management can:
- deliver exceptional services for citizens, aligned with locally agreed priorities, while focusing investment clearly on need;
 - empower communities and stimulate debate;
 - improve the economic well-being of an area;
 - ensure that, once built, assets are correctly maintained;
 - introduce new working practices and trigger cultural organisational changes;
 - reduce carbon emissions and improve environmental sustainability;
 - increase co-location, partnership working and sharing of knowledge;
 - improve the accessibility of services and ensure compliance with the Disability Discrimination Act 2005;
 - generate efficiency gains, capital receipts or an income stream; and
 - improve the quality of the public realm.
- 2.10 The 2007 *Review of Community Ownership and Management of Public Assets* (The Quirk Review), concluded that even if it cost money and sacrificed potential savings, councils should think of transferring property to community groups because the benefits could outweigh the risks and opportunity costs in appropriate circumstances. In 2008, the government published guidance on managing the risks associated with transferring assets and reaffirmed Quirk's conclusions in the White Paper *Communities in Control: Real People, Real Power*, which established an independent Asset Transfer Unit to promote asset transfer and provide information, advice and support to those involved. CLG continued to promote good asset management more broadly, commissioning the Royal Institution of Chartered Surveyors (RICS) to develop best practice guidance that was published in 2008.
- 2.11 Further guidance from CLG and RICS (as a leaflet series) was published in June 2009. In addition the Audit Commission published a report *Room for Improvement* also in June 2009 which provided an update since its original report on asset management in 2000 entitled *Hot Property*.
- 2.12 *The Energy Performance of Buildings Directive (2007)* resulted in increasing Government pressure for local authorities to reduce their CO2 emissions in order to meet national environmental targets. But more significantly organisations are realising the very real financial advantages of reducing their energy costs. The substantial rise in energy costs during 2008 has emphasised this need to reduce energy consumption. Far from being a threat, energy efficiency is a huge opportunity for the council.
- 2.13 The objective of *The Energy Performance of Buildings Directive (EPBD) 2002/91/EC* is to promote the improvement of the energy performance of buildings within the European Community. Implementing the EPBD will encourage owners and tenants to choose energy efficient buildings when seeking new accommodation and to improve the performance of buildings they occupy. Implementation of the Directive is seen as an important contribution to reducing carbon dioxide emissions as part of the UK climate change programme.

2.14 *Health & Safety Legislation* has placed great emphasis on the safety and security of employees, customers and clients of the council. Policies and procedures are in place which meets the requirements of Legionella prevention, asbestos identification and management, fire regulation and DDA compliance. Risk assessments and surveys of all buildings have now been carried out and are used to progress schemes of management and reduction of risks and where schemes are carried out to remove or reduce risks as far as is practicable and economic. Ongoing management and review of risk assessments is built into regular work programmes.

3.0 Corporate Objectives

The Council's Corporate Plan sets out the Council's vision and priorities for the period from 2009 - 2012. The vision for Lancaster is:

By promoting city, coast and countryside, we will secure a safe and prosperous community that's proud of its natural and cultural assets and provides lasting opportunities for all.

Within that Vision, the Council has prioritised a number of separate priorities each with their own objective(s):

SUPPORT OUR LOCAL ECONOMY

3.1 Increasing economic opportunity is essential in providing the resources we need to enhance our quality of life. We now have an Economic Strategy in place and whilst the current economic climate continues to present severe problems to us all, now more than ever we need to translate that strategy into a viable funded programme of regeneration work in Morecambe, Lancaster, and Carnforth in order to both secure new jobs for the future and attract and keep skilled people in the district. We will work with our neighbouring communities in South Cumbria to create a viable and mutually beneficial Morecambe Bay Regional Park.

Objective 1 Work in partnership to ensure a strategic approach to economic development and regeneration

CLEAN AND GREEN PLACES

3.2 Residents' satisfaction with street cleanliness, waste collection and our recycling service remains high. We aim to maintain those levels of cleanliness and satisfaction.

Objective 2 Maintain the cleanliness of our streets and public spaces.

We need to care for our environment and safeguard the quality of life of the district. We must ensure that we address issues such as how best to respond to the challenges of climate change and effectively manage our resources, protecting our environment as our district grows and develops in a sustainable way.

Objective 3 Develop local responses to Climate Change.

SAFE AND HEALTHY COMMUNITIES

- 3.3 Tackling crime, the fear of crime and anti-social behaviour are of paramount importance to our communities and are consistently identified as key priorities for the district. Our residents believe that a low level of crime is the most important thing in making our district a good place to live. The Council will continue to play a leading role in the Community Safety Partnership in addressing these issues.

Objective 4 Work in partnership and make our district an even safer place addressing crime and the fear of crime, and anti-social behaviour.

Life expectancy between the more affluent and most deprived parts of our district varies by as much as ten years. These health inequalities must be tackled across a wide range of partnerships but there are a number of areas we can influence directly – housing, promoting healthy activities, food protection and accident prevention.

Objective 5 To contribute towards health improvement and reducing health inequalities through both the delivery of our own services and our work with partners.

SUPPORT OUR LOCAL COMMUNITIES

- 3.4 Housing is a fundamental component of our quality of life. Without appropriate shelter, people cannot meet their basic needs and participate adequately in society. Reducing homelessness by providing affordable housing for young people and families continues to be a priority.

Objective 6 To improve the standard, availability and affordability of housing in the district to meet local needs.

Building cohesive communities is critical to the quality of life for local people. It brings benefits by creating a society in which people from different backgrounds can live and work together in an atmosphere of mutual respect and understanding. We need to maintain the range of opportunities for children and young people to take part in positive activities and ensure that the wider needs of the children and young people of the district are met.

The Council has adopted the Lancaster District Local Strategic Partnership's Sustainable Community Strategy which sets out a long term strategic vision for the Lancaster district putting a strong focus on integrating social, economic and environmental issues. This strategy whilst highlighting the key local aspirations for the district also identifies how it contributes to the deliver the wider priorities of Lancashire wide as set out in the Lancashire Local Area Agreement. This alignment of priorities is set out in the diagram opposite.

Objective 7 To work in partnership with others meet the differing needs of communities within our district.

- 3.5 The Corporate Plan is aligned to the Lancashire Local Area Agreement and the Lancaster District sustainable Community Strategy.

In particular, the Council's Medium Term Financial Strategy, which with the Medium Term Corporate Property Strategy, aims to identify the asset needs of the Council to meet the priorities laid out in the Corporate Plan.

4.0 Corporate Asset Policy

- 4.1 The way that the Council manages its land and property assets has a direct impact on both the quality of services that it delivers to the public and the quality of the environment. It is therefore important that efficient and effective use is made of these assets to support corporate and service objectives. For example, the council's Property Service is a lead Service in the Access to Services Review under which we must continue to exploit the opportunities to improve the way we deliver services to our communities, whether face to face or by telephone, increasing the range of services we offer through our customer service centres in Morecambe and Lancaster Town Halls.
- 4.2 The CPS highlights the progress made against the key performance targets and property improvements implemented over the last year and also reports on the National Property Performance Indicators. Looking ahead, the CPS sets out the key asset management tasks and targets for the forthcoming year. The document is published via the council's website. Actions from the CPS are included in Service Business Plans, principally that of Property Services.

Governance

- 4.3 **Members** - the asset management champion on the council's Cabinet is Councillor Malcolm Thomas. Councillor Thomas has responsibility for all the work of Property Services. In addition he also undertakes the same role in respect of Financial Services and therefore takes overall responsibility for the council's Use of Resources.
- 4.4 **Officers** - The Head of Property Services is the designated Corporate Property Officer for the council with responsibility for strategic asset management activities.
- 4.5 **Corporate management** The asset management function involves all council departments and the role of the council's Asset Management Working Group (AMWG) is key to ensuring there is an effective dialogue on asset management issues across the council and, where appropriate, with our partners. AMWG is chaired by the Corporate Director (Regeneration) and includes the Head of Property Services in his role as Corporate Property Officer, the Head of Financial Services and the balance of the Group is made up of senior representatives from relevant council services. The AMWG ensures there is an insight into individual council services, together with a clear understanding of corporate goals and objectives. Terms of reference for the AMWG are attached at Appendix 5.

Local Strategic Partnership (LSP)

- 4.6 To enable a wider approach to asset management, individual meetings have commenced with the County Council and the North Lancashire Teaching PCT. From the county perspective, there is a preference for an aligned asset management plan. However, from the city council perspective, asset management is a local area based process.
- 4.7 It is therefore proposed that the LSP should consider setting up a Public Sector Board Asset Management Group to consider the wider issues involved in asset management within the Lancaster district and ensure that benefits are obtained from the most effective use of public money.
- 4.8 Under such an arrangement, all public sector bodies in Lancaster could work together to:
- Optimise the contribution property makes to the current and future aims and objectives of the respective organisation
 - Optimise and prioritise the level of investment in property to meet these needs
 - Promote the innovative use of property and facilitate joint working through co-location of services
 - Promote property sharing with partners
 - Improve the suitability, condition and sustainability of public sector assets in the district

5.0 Corporate Asset Objectives

- 5.1 The Corporate Property Strategy of 2005 was based on the premise;

That challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives

- 5.2 This was linked to a corporate approach to property holding based on a corporate landlord approach. Continuing that basic premise, this Strategy identifies a number of separate objectives against which the council's asset portfolio should be assessed. These are set out below:

ASSET OBJECTIVE		OUTCOMES & MEASUREMENT
1.	Fit for Purpose & compliance with Statutory/Regulatory codes	Enhanced user satisfaction e.g. provision of Customer Service Centres; improved office accommodation, determined by undertaking surveys of customers and by undertaking condition surveys of buildings and carrying out works of repair and improvement. Where buildings are beyond economical repair options for alternative use or disposal should be considered. To ensure that all relevant legislation is fully enforced e.g. DDA legislation, Health & Safety, Asbestos, Legionella, Fire Safety, NICEIC.
2.	Value for Money	To ensure that assets deliver value for money, minimising costs in use and working towards the development of option appraisals, and whole life

		costings, maximising return on investment. These are determined by analysing performance indicators, undertaking regular valuation programmes, working with the AMWG to ensure good option appraisals are in place and that good project management techniques are utilised.
3.	Improved corporate management	That in respect of the buildings that it occupies, the Council ensures that there is optimum utilisation of its office space, cross departmental and partnership working,
4.	Sustainability	To ensure that all assets are managed efficiently and sustainably, in accordance with Council policies on climate change, by monitoring, for example, CO2 emissions and the use of green energy and setting targets for the future. This also links to objective 5 below
5.	To serve the Council's key aims	To identify how assets can contribute to the key aims of the Council as set out in its annual Corporate Plan. This will include the need to secure capital receipts to help fund the capital programme and therefore reduce borrowing, all to help keep Council Tax levels low. In addition improving the Council's assets will help to meet customer access requirements and sustainability measures, whilst assets will be acquired where schemes are approved by the council to improve the district. Climate change is also a key aim – see objective 4 above
6.	Enabling	Where assets do not meet any of the other elements of these objectives, to use the council's land and property assets to achieve strategic development and regeneration opportunities within the district. This could be by way of asset transfer to community groups as envisaged in the Quirk report or alternatively, where there are no other Council priorities, disposal of assets would provide a capital receipt that can be utilised to fund other Council capital schemes.

6.0 Performance Management

- 6.1 This is critical to achieving 'successful asset management' and can be evidenced by the reporting of National and Local Key Performance Indicators (KPIs). Condition surveys have been undertaken to provide information on the outstanding repairs required to Council buildings, whilst also providing information that advises on Access, Legionella, Asbestos and Fire Risk Assessments. This is in response to the growth in the number of statutory obligations pertaining to asset management in recent years. Data has been assembled to present a profile of the current state of building assets and is being used to reinforce asset reviews (refer to Section 11.) and formulate improvement programmes.
- 6.2 The Cabinet Member for Property Services and the AMWG are responsible for ensuring the delivery of the performance targets set in the CSP and in the Property Service Business Plan. A key part of the performance management process is to identify any areas of under-performance and agree action plans to

deliver improvements. The Head of Property Services reports performance in respect of its Service Business Plan on a quarterly basis.

7.0 The Resource Context

7.1 The council has a track record of robust financial management and a strong finance function. Value for Money (VFM) has been long embedded in service and resource planning.

7.2 Target savings are set in the MTFs for the Council as a whole that amount to £1,053,000 by March 2011 and cumulative savings of £1,302,000 by March 2012. Efficient use and management of assets will play a major role in achieving these savings, much of which will arise through the Access to Services Review, working with partner organisations who occupy Council buildings, service benchmarking with other councils and sectors, and integrated financial and performance management arrangements to drive out efficiencies and savings.

7.3 The aims and objectives of the MTFs are to:

- avoid volatile fluctuations in the provision of Council services and related annual levels of Council Tax
- match resources both to demand and to Council priorities
- plan for and respond to any changes in Local Government funding
- provide a basis for informed decision-making across all Council policies and activities, underpinned by risk management
- support consultation with stakeholders on a broad range of associated issues, where appropriate
- support the achievement of efficiency, effectiveness and economy in the use of the Council's resources, including any associated targets. This includes:
 - maximising efficiency savings and, where acceptable, increase income
 - protecting front-line services as far as possible, whilst minimising administration costs, and
 - challenging traditional methods of service provision.

7.4 The Council's capital programme is set annually as part of the budget process but is based on a three year programme and should be considered in conjunction with this CSP. In 2009/10 the council has committed the following capital financial resources to its asset management priorities. All these schemes are funded from either unallocated capital receipts (UCR), borrowing or grant aid. Much depends upon the availability of capital receipts in times of recession.

Property/scheme	Asset Objective	Budget
The Platform improvements	Fit for purpose	£108,000 - All from UCR or borrowing.
The Dome – demolition & emergency works	Fit for purpose	£85,000 - All from UCR or borrowing.
Customer Service Centres	To serve the council's key aims;	£16,000 - All from UCR or borrowing.
	Improved corporate management	
Corporate & Municipal Building works	Fit for purpose & compliance with Statutory /Regulatory codes	£2.265m - All from UCR or borrowing.
	Sustainability	
Happy Mount Park Natural Adventure	To serve the council's key aims	£112,000 - All from grant.
Lancaster Hub TIC Refurbishment	To serve the council's key aims;	£10,000 -All from UCR or borrowing.
	Fit for purpose	
Storey Institute Centre for Creative Industries	Fit for purpose	£15,000 - All from grant

- 7.5 In addition to mainstream capital funds the council also bids for and receives Challenge Funds (e.g. European Funds, Neighbourhood Renewal Funds etc) for major regeneration schemes such as Luneside East, and schemes in the West End of Morecambe.
- 7.6 As an alternative form of delivery, development agreements involving Council land are used as a method of achieving Council objectives. As an example the development agreement for a new Morecambe FC stadium will be used to drive out improved and additional playing pitches for use in the community.

8.0 Changes in the External Environment and their Implications for Property

- 8.1 Lancaster district has the fastest growing economy in Lancashire and Cumbria, contributing £1.7 billion to the Lancashire economy alone. £54m of external funding secured for local regeneration projects.
- 8.2 Specific achievements that contribute to achieving the Vision Board's economic strategy are set out below:-
- The emerging Luneside East urban village project will replace contaminated and derelict land with a mixed development of 300+ housing units; 80,000 sq ft of modern office space, parkland and leisure facilities.
 - The Council led development of a £2.7M state of the art office development in the heart of the City, 'CityLab', providing much needed quality city centre office space.
 - A £0.5m capital project to improve industrial access in the Port of Heysham has supported 100 existing jobs and created a further 190.
 - Funding of £3.5 million has created a Centre for Creative Industries in the Storey Institute, workspace as well as public galleries, a new auditorium/conference centre, a bar/café and a new state of the art Visitor

Information Centre. This has enabled the Council to transfer the building to a third party and remove the need for major repairs to be funded from council budgets.

- The City Council is working jointly with NWDA and Lancaster University to develop a new science park at Bailrigg adjacent to Lancaster University. The Science Park is designated as one of the North West's Regional Strategic Sites where technological spin-out from academic research will provide an internationally significant contribution to the local economy.
- The council has a development agreement with developers Centros Miller for a retail led regeneration of the Canal Corridor North area in central Lancaster subject to planning permission being granted.
- The Midland Hotel in Morecambe has been renovated as part of a wider development partnership agreement with "Urban Splash".
- Promenade facilities in the West End of Morecambe have been improved, including community designed public art and play facilities.
- £1m NWDA funding has supported the development of Carnforth as a service centre for its wider rural hinterland.
- The development of new stadium facilities for Morecambe Football Club as befits their Football League status, including enhanced playing pitches for the community and a capital receipt to assist in funding the capital programme

8.3 The growth in the district in recent years reflected the economy nationally. The current recession also has an effect as property disposals are more difficult to achieve as restrictions on funding make developers more cautious when investing.

8.4 The council continues to make its non-operational land available to facilitate development but must balance the need for capital receipts against the opportunity to see improvement in the district. Transfer of assets to the community is an option for consideration.

9.0 Service Delivery & Accommodation Needs

Overview

9.1 The principle of 'Corporate Property Ownership' was the main principle adopted by the council in the 2005 Corporate Property Strategy. This process is based on the corporate centre providing greater influence over property decisions to meet wider corporate objectives, partner and area initiatives and at the same time address service needs. Collective management of these resources enables a more corporate and proactive approach especially in the light of shared provision, options for disposal and acquisitions to support regeneration and maximise potential income from sites deemed surplus.

Council Services

9.2 An essential element of the Access to Services process in reviewing council services is the consideration of business process re-engineering which requires a close look at the activities that Services undertake as well as dealing with the potential for property efficiencies. The preparation and review of Service Asset Management Plans to inform and support the corporate property strategy will

assist this process and identify opportunities for rationalisation at individual Service and authority wide level.

- 9.3 Although most property management arrangements have successfully been brought into a single base, some are still fragmented where operational management dictates. It is proposed to procure new maintenance and energy management arrangements that will enable a more corporate approach to asset management.

New Working Practices in the Council

- 9.4 The Access to Services Review has received Council approval to relocate the majority of staff into Lancaster and Morecambe Town Halls, following public consultation. Together with the Storey Institute scheme this will result in the disposal of:

- St Leonards House
- Palatine Hall
- 1 Dalton Square
- 56-60 Euston Road
- 29 Castle Hill (Sold July 2009)
- Morecambe Town Hall Cottage

- 9.5 The Review can only be achieved by combining improvement of the buildings whilst instigating new working practices such as hot desking, home working and use of improved IT systems such as electronic document management systems, new telephone systems and improved computer interfaces giving recognition to the pilot studies for flexible and home working carried out in the different Services of the Council. By the end of the scheme it is anticipated that the accommodation ratio will have reduced from 10.76sq mts per workstation to closer to 7.5 sq mts per workstation

- 9.6 The first phase of this work involved the move of the Strategic Housing team from 56-60 Euston Road, Morecambe into Morecambe Town Hall. Hot desking arrangements have been put in place for all Services who now occupy Morecambe Town Hall.

- 9.7 As part of this phase, to accommodate the provision of “touch down” areas in both Town Halls, Councillors have moved out of individual group rooms, utilising common facilities in each building.

Working with Partners to provide/improve accommodation and facilities

- 9.8 The reduction of office space that is a major outcome of the Access to Services Review makes it difficult to accommodate many partners in our accommodation. However, facilities are provided for:

- The Registrar
- Coastguard
- County Council
- Pensions Service
- External Auditors and Inspectors
- Citizens Advice Bureau

9.9 Discussions are ongoing with the County Council about how more of their services can be made available from the new Customer Service Centres within Lancaster and Morecambe Town Halls.

9.10 The Council does work closely with other partners to try and facilitate improved facilities within the district. In particular, the Care Trusts operating within the district occupy the following Council premises:

- Moor Lane Mills
- St Leonards House
- Ryelands House

9.11 Lancashire Constabulary utilise facilities within Lancaster Bus Station

9.12 Through the provision of a land disposal process, the Council acts as an enabler, working with developers to provide new facilities. Examples are:

- The Canal Corridor scheme under which the Developer, Centros, will, subject to planning permission, provide a mixed use development including new car park and coach park facilities in a modern form to replace the existing surface level facilities
- Morecambe FC propose to develop a new football stadium at Westgate and included within the development agreement is the provision of increased playing pitches which will improve the Football in the Community programme
- The Courts Service are looking to centralise their facilities in the vicinity of the Lancaster Magistrates Court by acquiring Council land and that would include the potential for the Crown Court to vacate the Castle premises, thereby improving not only the overall courts facilities, but also the tourism potential of the Castle

9.13 Arrangements are in hand to meet and share information on a regular basis with the County Council and PCT to ensure the most efficient use of assets across the public sector (see paragraphs 4.6 - 4.8 above)

10.0 The Existing Portfolio & Current Performance

Statement of Portfolio

10.1 The council holds a diverse and widespread portfolio of land and property assets throughout the district which includes operational property (e.g. offices, administration buildings, leisure centres, visitor information centres, markets etc.) and non-operational property (e.g. shops, offices, agricultural land, allotments and garden tenancies etc.). The total value of the portfolio as identified in the council's accounts amounts to £89.57m excluding the Housing Revenue Account property. Appendix 1 identifies a schedule of property types held by the council.

Asset Type	Value (£)
Operational Property	48.41m
Non-Operational Property	39.92m

Community Assets	1.24m
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- 10.2 The rationalisation and categorisation of the portfolio is an ongoing process. In 2007/08 the Star Chamber process received a full report on the existing portfolio, and confirmed those properties to be retained or sold. As opportunities arise, this review will be amended appropriately.

Current Performance & Action Plan in relation to the Corporate Asset Objectives

- 10.3 This section reports on the council's performance in relation to its Corporate Asset Objectives (as scheduled above) and highlights the council's performance in respect of its land and property assets over the last twelve months. The associated key performance indicators are detailed in Appendix 2 and show information for the last three years together with targets for the current year where applicable. The future Action Plan is detailed in Appendix 3.

Corporate Asset Objective 1: Fit for Purpose & compliance with Statutory/Regulatory codes

- 10.4 **Survey Programmes** - The 2005 Corporate Property Strategy identified the maintenance and repair, together with the associated Health and Safety elements, of the Council's property portfolio as a significant issue facing the Council. Building condition surveys have been undertaken along with detailed surveys in respect of Legionella risk assessments, fire risk assessments, asbestos surveys, and access audits.
- 10.5 The information is valuable in supporting the planned maintenance programme, but it has also been invaluable in improving the position in respect of our statutory responsibilities. In respect of asbestos risk, council buildings now have asbestos registers, and asbestos is being managed in line with the council's policy on asbestos. Similarly council buildings have had their water systems improved and monitored, and a management system has been introduced to comply with Legionella policies.
- 10.6 The council has developed and implemented a formal policy in respect of fire risk within buildings, and undertaken fire risk assessments for the majority of buildings. Training of managers has been completed and all staff will be trained during 2009/10.
- 10.7 **Required maintenance** – Since the 2005 Corporate Property Strategy, a condition survey of the Council's main buildings has identified that the cost of the backlog of repairs amounts to £11.236m. A property review has also been undertaken to which the cost of the backlog of repairs has been applied to identify:
- those buildings which the Council will be retaining e.g. Lancaster and Morecambe Town Halls,
 - those which are to be sold e.g. Oxford Street Garages
 - those that are the subject of other schemes which will result in their refurbishment e.g. Storey Institute.

- 10.8 That review identified the need for £5.67m to be spent on retained property and a five year plan has been identified. The Council has included this cost within the capital programme but is dependent on having the available finance for the capital programme.
- 10.9 **Access to public buildings** - The council's annual submission in respect of the former Best Value Performance Indicator (BVPI) 156 reported that 75% of existing public buildings [falling within the definition of the former BVPI 156] were fully accessible to and suitable for disabled people [in accordance with the 1991 Version of the Building Regulations Approved Document M].
- 10.10 Access Audits have been completed for all of these buildings and Accessibility Plans prepared. Capital funding has been included within the funding for the backlog of repairs programme and when the works are completed over the five year programme, all buildings should be fully accessible.
- 10.11 The Council undertakes these functions with very tight constraints in terms of staff and budget. A review of the maintenance and energy functions will be undertaken to ensure efficient operation and reduce the risk to the council of failure of these functions.

Corporate Asset Objective 2: Value for Money

- 10.12 **Asset Valuations Programme** - The council has a five year Asset Valuation Programme with all assets valued during that period on a rolling programme. In addition, there has been a complete revaluation of the Council's insurance valuations.
- 10.13 **Property Performance Benchmarking** - The council has demonstrated a longstanding commitment to the benchmarking of its assets and property-related services. National Property Performance Indicators continue to be benchmarked against the COPROP Property Performance Programme as part of an exercise organised through the Association of Chief Estates Surveyors (currently facilitated in the north-west region by Blackburn with Darwen Council).
- 10.14 Local indicators are also held to identify performance in a range of areas of work at a lower level. As part of the Performance Review Team (PRT) programme, Property Services reports on performance quarterly, and at regular monthly meetings with the cabinet portfolio holder.
- 10.15 **Options appraisal/project management** – when schemes are proposed that are linked to assets, the council will work through an options appraisal process. All reports to the council's cabinet require options to be provided with an analysis of the risks involved, whilst the technical support requires, where appropriate, whole life costing in accordance with the council's Guide to Whole Life Costing. This is in turn linked to the council's LAMP project management process.
- 10.16 **Working with partners** – to progress the opportunity to work with partners within the LSP to consider the wider issues involved in asset management planning within the district.

Corporate Asset Objective 3: Improved Corporate Management

- 10.16 **Access to Services Review** – This involves implementing, an office accommodation strategy and rationalising the amount of space used by individual staff. The current space utilisation rate is 10.74 sq mts per workstation and it is aimed to reduce this to 7.5 sq. mts. per workstation by the end of the project, anticipated to be in 2011. This would provide a 30% reduction in office space with the consequent operational savings. In the absence of major funding, this timescale is likely to be delayed but small scale improvements will be made where funds allow, initially to attempt to allow all staff to vacate St Leonards House.
- 10.17 **Asset data systems** - The council utilises the TechnologyForge database to keep records of the property portfolio. The data is being reviewed in 2008/09(???) to ensure that it contains accurate data on its efficiency, effectiveness, and asset value, which can be used to support decision making on investment and disinvestments in property. It also needs to support new requirements, such as those under International Financial Reporting Standards (IFRS).

Corporate Asset Objective 4: Sustainability

- 10.18 Lancaster has established a Climate Change Cabinet Liaison Group to advise on and monitor responses to global, as well as local environmental challenges. The council has published both a Climate Change Strategy and a Sustainability Strategy and the CPS aims to support the work of the Climate change Cabinet liaison group and to support implementation of actions in the In-house Climate Change Strategy.
- 10.19 The council's Energy Management Strategy published in 2005 is being completely reviewed in 2009-10 with the aim of producing a Carbon Management Plan for the following three years. This will be based upon survey information that has been being prepared via the Carbon Trust and reflect the requirements of the Carbon Reduction Commitment.
- 10.20 Since October 2008 public sector occupiers of larger buildings will need to display a Display Energy Certificate (DEC) in a prominent place, clearly visible to the public. The DEC indicates the energy performance of a building based on actual energy consumption and must show the "asset rating" of the building, which is a numerical indicator of the amount of energy estimated to meet the different needs associated with a standardised use of the building. These are expressed graphically on an A-G scale.
- 10.21 Approximately 12 buildings with a useable floor area of 1000m² or more are affected by this legislation and the relevant certificates will be kept up to date.

In addition an Energy Performance Certificate (EPC) is required on the sale or new letting of a commercial property that is over 50m² with its own heating system. Arrangements are in place to procure these certificates when required.

Corporate Asset Objective 5: To serve the council's Key Aims

10.22 **Capital receipts** - The budget set for 2009/10 sets out a three year capital receipts programme to be raised from the disposal of surplus land and property.

- 2009/10 - £7,075,000
- 2010/11 - £1,220,000
- 2011/12 - £995,000

10.23 This is largely based on the disposal of a small number of sites which require planning permission for development. Careful monitoring of the development process is required together with communication with Financial Services to allow budgets to be adjusted as required. Progress on receipts is regularly monitored by the AMWG and the quarterly PRT monitoring process.

10.24 To reflect the importance of capital receipts, the Council approved a Disposal Strategy in March 2009.

10.25 **Review of Assets** - This work was undertaken in January 2008 and reported to the Council's Star Chamber. Minimal numbers of assets were identified for disposal, whilst opportunities previously identified for disposal were included within the capital programme. There is a programme of challenge that enables review of asset disposals to take place.

Corporate Asset Objective 6: Enabling

10.26 One of the basic elements of the asset management process and which underpins this Strategy, is that challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention, investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives. From this principle, consideration is therefore given to the disposal of any property that is no longer required for the purpose of providing council services and meeting the requirements of the Corporate Plan. As a result it is therefore considered appropriate to use the council's land and property assets to achieve strategic development and regeneration opportunities within the district.

10.27 The following schemes arise from this principal where the Council has entered into disposals by way of land sales, Development Agreements or lease:

- Canal Corridor scheme
- Central Promenade Development
- Morecambe FC Stadium development
- Land at Scotforth

11.0 Review & Challenge

11.1 As identified in the Corporate Asset Objectives (Objective 6) challenge and review of use, provision and performance of property is seen as a positive approach to ensuring that assets are fit for purpose and that retention,

investment and utilisation is focussed on the needs of the customer and the achievement of the council's corporate objectives. This statement is seen as an underlying principle of the CPS.

11.2 This review and challenge process will be provided by:

- Property services staff in their daily professional work.
- The AMWG as part of the strategic overview of asset management.
- The LSP as part of the wider view of the use of assets by public bodies in the district.
- Council Members in considering reports on assets and as part of the performance management process.

11.3 The City Council is a limited user of property compared to metropolitan, unitary or county councils. As a result many Services do not require property other than the office accommodation for their staff. Suitability and sufficiency surveys were undertaken as part of the **gap analysis** to determine Service requirements. These surveys identified Service requirements that have now been incorporated into the council's Access to Services Review.

Service Asset Management Plans

11.4 All council Services prepared initial service asset management plans to cover the period 2006-2010. Many of the requirements of these plans were identified in the Access to Services Review, whilst other elements have been included in the council's capital programme or other areas of the council's review process.

11.5 As part of the CPS and the Access to Services Review, the items identified in the service asset management plans will be the subject of further review to highlight any new issues and/or opportunities that have arisen in the intervening period. In particular, this will cover the extent of service change underway or planned for the medium term.

Appendix 1 – Current property holdings

Appendix 2 – Performance Indicators

Appendix 3 – Action Plan

Appendix 4 – Disposal Strategy (as approved by Cabinet in March 2009 therefore excluded from these papers)

Appendix 5 – AMWG Terms of Reference

Current Property Holdings

Type	Number of buildings or plots	Comments
Commercial Premises - Retail	41	Includes shops on Housing estates, Promenade cafes etc
Commercial Premises – Industrial	17	Includes premises at Luneside East waiting development
Commercial Premises - Office	14	Includes CityLab, Storey Institute & St. Leonards House
Commercial Premises - other	9	Includes The Dome, Dukes Playhouse, Community centres
Public Open Space (POS)	154	Various plots
Land	605	Includes open spaces not designated as POS
Car Parks	52	Including land let for parking
Garage & Garage sites	61	Largely on Housing estates
Changing Rooms	3	Provided on playing fields
Cycleway/Footpaths	19	Plots that form part of the main cycleway
Adopted Highway	92	
River Defence Walls	3	
Market Halls	2	
Agricultural land	10	Including land held for cemetery extensions
Allotment sites	14	
Municipal Buildings	4	
Depots	3	
Museums	3	
Cemetery/Churchyard	8	Including dis-used churchyards
Public Conveniences	22	Including those recently closed
Sports Centre/Swimming Pool	4	
Residential Property	75	Largely held in advance of schemes in Morecambe West End
Bus Station	2	
Pumping Station/Water Treatment Plant	3	
Foreshore Promenade	13	
Septic tanks (or sites of)	16	Adjacent to Housing Estates
Miscellaneous	73	Including bus shelters, play pitches, buildings in Williamson Park etc

Appendix 2 – Performance Indicators

PROPERTY SERVICES PERFORMANCE INDICATORS

Indicator	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
% gross internal floor-space in condition categories: A B C D	N/A	9.52% 86.5% 3.82% 0.16%	20.87% 36.09% 43.04% Not req'd	20.87% 36.09% 43.04%	21.24% 34.96% 43.80%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined 21.57% 42.63% 35.6% Operational A – 32.58% B – 38.23% C – 29.19% Non-Operational A-2.12% B – 50.96% C – 46.93%	Combined A-19.65% B-40.94% C-38.21% D-1.21% Operational A-30.70% B-34.60% C-33.44% D-1.26% Non-Operational A-0% B-52.2% C-46.48% D-1.13%	Combined A 18.93% B 36.72% C 43.14% D 1.21% Operational A 29.59% B 15.67% C 53.48% D 1.26% Non-Operational A 0% B 74.09% C 24.78% D 1.13%
Backlog of maintenance by cost by total value: 1 2 3 4	N/A	0 £1,921,500 £2,848,925 £291,150	£913,170 £1,399,720 £716,750 Not req'd	£858,170 £1,318,920 £716,200	£517,320 £1,730,420 £284,250	£2,096,093 £3,769,553 £2,138,994	£2,096,093 £3,769,553 £2,138,994	£1,976,682 £3,769,553 £2,138,994	£1,793,251 £3,769,553 £2,138,994
Backlog of maintenance as a % in priority levels 1-4: 1 2 3	N/A	0 37.96% 56.29% 5.75%	30.14% 46.2% 23.66% Not req'd	29.66% 45.59% 24.75%	20.43% 68.34% 11.23%	26.19% 47.09% 26.72%	26.19% 47.09% 26.72%	25.07% 47.81% 27.13%	23.28% 48.94% 27.77%

projected income												
Maintenance expenditure as % of total revenue budget	2.85%	2.68%	3%	2.36%	3.59%	5.65%	6.02%	6.85%	6.91%			
Ratio of planned to reactive maintenance	N/A	N/A	50:50	N/A	73:27	N/a	73:27	76:24	72:28			
Performance of investment portfolio	14%	7.24%	8.1%	8.42%	7.08%	7.45%	8.17%	7.82%	7.26%			

Indicators in bold are part of the suite of "national" indicators originally identified in Asset Management Plans
 Indicator in italics is the former Best Value Performance Indicator 156.
 The remaining indicators are local indicators

Appendix 3 – Action Plan

MEDIUM TERM CORPORATE PROPERTY STRATEGY ACTION PLAN

Task	Progress so far	Task Owner	Target Date	Planned Outcome
Corporate Asset Objective 1: Fit for Purpose & compliance with Statutory/Regulatory codes				
To undertake a programme of backlog of repairs	Condition survey complete. Budgets included in capital programme	HPropS	Ongoing	Increase the numbers of buildings that are fit for purpose and reduce long term costs
Review the programme of repairs and update costs or 2009/10 budget	Report prepared for November 2009 cabinet. Tender documentation prepared for urgent works to confirm costs	HPropS	December 2009	A more corporate and strategic approach to the capital programme and asset management
Train all staff with regard to Fire Safety	All fire safety managers and fire wardens have been trained.	Safety Committee	March 2010	Ensure awareness of fire safety in accordance with approved policies
To complete an audit of all health & safety policies	Fire safety and asbestos audit underway. Legionella to commence in final quarter of 2009/10	HPropS	March 2010	To ensure compliance with legislation
To undertake a review of the maintenance and energy functions within the council.	Cabinet approval obtained to proceed and consultants appointed to advise the council	HPropS	March 2010	To ensure efficient operation of the functions and reduce the risks to the council
Corporate Asset Objective 2: Value for Money				
To undertake a programme of asset valuations	All annual valuations completed to date	HPropS	31 March 2009	To ensure compliance with accounting procedures
To review and continually develop performance measures	Business Plan in place. PRT quarterly monitoring in place. Revised Corporate Property Strategy drafted	HPropS	Ongoing	Evidence that property assets are fulfilling Corporate Asset Objectives
To ensure that all projects are undertaken in accordance with LAMP	LAMP methodology adopted	AMWG	Ongoing	To ensure efficient management of capital schemes in terms of time, cost and outcome.

methodology					
To set up a public sector assets board under the guidance of the LSP	Revised Corporate Property Strategy drafted	CD(Regen)	31 March 2009		To ensure efficient management of all public sector assets within the district
Corporate Asset Objective 3: Improved Corporate Management					
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House	Euston Road and Albert Road properties vacated. MTH Cottage sold.	HPropS	March 2010		More efficient use of office space
To undertake an audit of the data in the TF asset management system	Lancaster base data audit complete	HPropS	March 2010		To ensure that accurate information is available for management of the portfolio
Corporate Asset Objective 4: Sustainability					
To prepare for the Carbon Reduction Commitment	Reports to Climate Change Liaison Group as required	HPropS	Ongoing		To meet legislative requirements, reducing both carbon and cost outputs
To continue with the access to Services Review with an emphasis on staff vacating St Leonards House	Euston Road and Albert Road properties vacated. MTH Cottage sold.	HPropS	December 2009		To reduce office energy requirements and costs
Corporate Asset Objective 5: To serve the council's Key Aims					
To achieve the 2009/10 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2009		Funding available to meet council's capital programme requirements as set out in the MTFS
To keep under review the council property portfolio, identifying both council and community needs	Initial review completed in January 2008	HPropS	Ongoing		To identify under performing assets. Property rationalisation & disposal/transfer opportunities identified

Where appropriate, to consider asset transfer to community organisations, provided this is in line with the approved disposal strategy	Small scale disposals to community groups being highlighted for consideration	HPropS	Ongoing	To ensure that the property requirements of the community are considered.
To acquire assets where required	Ongoing where funding is available	HPropS	Ongoing	To facilitate approved regeneration schemes
Corporate Asset Objective 6: Enabling				
To keep under review the council's property portfolio	Initial review completed in January 2008	HPropS	Ongoing	To identify under performing assets Property rationalisation & disposal opportunities identified
To achieve the 2009/10 capital receipts programme	Properties identified in Receipts schedule	HPropS	March 2009	Funding available to meet council's capital programme requirements as set out in the MTFS
To use the council's land and property assets to achieve strategic development and regeneration objectives within the district	Council land included in Canal Corridor proposals Development Agreement in place for Morecambe FC development Land acquired for Luneside East scheme Land disposal for Scotforth supermarket agreed	HPropS	Ongoing	Economic growth & prosperity in the district. To evidence that asset management supports the council's corporate objectives.

Appendix 5 – AMWG Terms of Reference

ASSET MANAGEMENT WORKING GROUP

TERMS OF REFERENCE

PURPOSE OF THE GROUP:

Provide strategic advice and guidance on the best use of Council assets to the Performance Management Group and The Executive, as necessary.

In fulfilling its responsibilities the Group will take account of:

- Strategies, policies, initiatives and targets, particularly the Council's Financial Regulations and Procedures and Contract Procedure Rules
- Best practice in asset management
- The standards and principles sets out in Lancaster City Council's Approach to Project Management (LAMP)

SPECIFICALLY THE GROUP WILL:

1. Keep under review the strategic management of the Council's land and property assets
2. Contribute to the development, monitoring and review of the Council's Corporate Property Strategy (incorporating the Asset Management Plan) and its overall Capital Investment Strategy
3. Keep under review all of the council's land and property holdings to ensure that they support the aims and objectives set down in the Corporate Plan
4. To monitor and review the capital receipts schedule
5. To monitor and review service asset management plans
6. Assess the impact of major corporate drivers on the council's asset portfolio and make appropriate recommendations for change
7. To keep under review the condition of the council's property and make recommendations for its improvement including seeking to ensure that sufficient funding is available
8. To keep under review programmes of work relating to energy management within the municipal buildings as approved by the Climate Change Cabinet Liaison Group
9. Oversee the capital programme in so far as it affects the council's property portfolio, ensuring that any works undertaken are in accordance with the Medium Term Corporate Property Strategy, are in line with Service asset management plans and access to services proposals, and ensuring that relevant links are in place for the work of the Corporate Programme Management Group