

# **BARROW BOROUGH COUNCIL**



## **ASSET MANAGEMENT PLAN**

**2006-2011**

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## **Barrow Borough Council**

Barrow Borough Council is one of six district Councils in Cumbria. Situated in the South West of the County, the Borough has a population of 70,500 (2005) residents and covers approximately 7,796 hectares.

The Council is composed of 38 Councillors with one-third elected three years in four. All councillors meet together quarterly and annually as the Council, and more often in smaller groups at committee meetings for most day-to-day decisions.

The Council's committee & management structure can be viewed at <http://barrowbc.gov.uk/default.aspx?page=45>

The Council's Executive Committee has responsibility for Asset decisions.

In 2005/06 the Council's General Fund assets generated income of £3 million, 28% of the Authority's total income for the year, and comparable with the Authority's income from the Council Tax.

For 2006/07 the Council has set a Revenue Budget of £12 million and a Capital Budget of £16 million.

## **Background**

In June, 2005 the Office of the Deputy Prime Minister (ODPM), in conjunction with the Royal Institution of Chartered Surveyors (RICS), published new comprehensive guidelines aimed at assisting the continued development of asset management best practice within local government. The Department for Communities and Local Government (DCLG) has assumed responsibility for the remit of the former ODPM.

Whereas previous guidance promoted development of the processes fundamental to good asset management, the 2005 guidelines attempt to stimulate a greater emphasis on improving the actual achievements – in terms of outcomes – of these processes. They encourage local authorities to challenge how their property assets can best support strategic corporate goals and facilitate service delivery. Given this, effective adoption of the new guidelines will form part of future CPA assessments.

## **The Council's Priorities and the Asset Management Plan**

The Council has developed a performance management framework to link the activities and tasks that it undertakes on a daily basis, to the more aspirational

aims of the [Community Plan](#), which can be viewed on the Council's website at <http://bbc-staging/barrow51/default.aspx?page=944> , and the council's own Corporate Vision. The framework is based on identifying a number of improvement activities that will help to achieve the aims of both the Community, as set out in the Community Plan and the Council. A number of improvement ideas are synergised to give a Key Priority that will deliver tangible benefits to the community. For each of the Key Priorities there is an action plan that includes annual objectives, action and measures so the progress can be measured.

### **Key Priorities**

- KP 1 - Improve priority wards
- KP 2 - A safer, cleaner, greener environment
- KP 3 - Housing Market Renewal
- KP 4 - Make services more accessible
- KP 5 - Support Economic Regeneration
- KP 6 - Maximise the potential of our staff and members
- KP 7 - Complete Forum 28 refurbishment.

### ***Corporate Vision***

*To enhance the economic and social future of the Borough to meet the needs and aspirations of the community.*

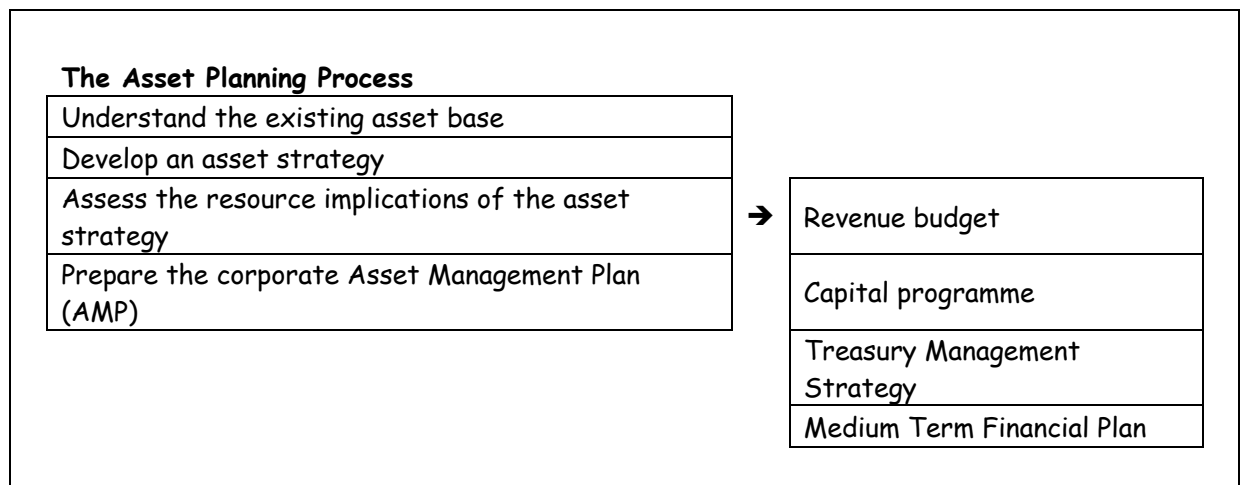
### **Key aims to support the vision:**

- Effective community leadership.
- Investing in our economic future.
- Creating an enhanced quality of life for local residents.
- Developing a safe confident and socially inclusive community.
- Delivering high quality accessible services.

Barrow Borough Council's approach to identifying and delivering corporate key priorities is increasingly robust. The asset management plan intends to show how the council's property portfolio will:

- Contribute to the delivery of the key priorities;
- Comprise of assets which are suitable, fit for purpose and are sustainable to enable services to be delivered effectively and with equality of access.
- Comprise of assets which support regeneration activity and the economic development of the Borough.

The plan looks at the overall performance of the asset base and how it is being continuously reviewed and improved.



## Organisational Framework

The Asset Management Plan is the responsibility of the Corporate Property Officer (CPO), this was the Director of Finance until the end of September 2006. This responsibility will transfer to the new Director of Corporate Services from 1<sup>st</sup> April 2007.

The Management Team currently maintain the strategic overview of Asset Management, while operational property asset management is the responsibility of the Estates Department.

There is currently a Public Buildings Maintenance Monitoring Group and an Energy Efficiency Group. The roles of these groups will be amalgamated together with the monitoring and development of the Asset Management Plan to form the Corporate Property Group in 2007-2008.

It is intended that the Vice Chairman of the Executive Committee is appointed as the Lead Member for Asset Management during 2006-2007.

## Corporate Asset Objectives

### Aims

To set out the Council's policy on its use of property in order to have a flexible approach to property ownership in order to secure a portfolio of the right size, quality, cost and location to support delivery of the Council's community plan.

### Objectives

1. We will identify all property, which the Council own or uses, assess its value and the function which it performs.
2. We will supply financial information of present costs of occupation.
3. We will effectively respond to the change in property needs of services and the regeneration of the area.
4. We will provide a transparent basis for property investment decisions.
5. We will ensure a healthy and safe environment for property users and to promote improved standards.
6. We will promote community and equitable use of assets.

## Headline Performance Measures

***The Council will aim to own Operational assets which are suitable, fit for purpose and sustainable to enable services to be delivered effectively and with equality of access.***

**PI** Proportion of Operational assets in a sustainable condition and suitable for use during 2005/06 – 94.8%.

Total Operational Assets	58	100%
In Sustainable Condition	55	94.8%
Not in Sustainable Condition	3	5.2%

***The Council aims to achieve at least 90% occupancy of its commercially let business units.***

**PI** Percentage of units let as a percentage of total units available to let = 89.9%, as at 31<sup>st</sup> March 2006.

This PI will be refined to reflect units let over the total number of lettable weeks

***The Council aims to develop the following PIs in 2007/08 to monitor the suitability, fitness and sustainability of its operational assets***

**PI** Consumption of energy (kWh) per square metre GIA (Gross Internal Area) for main buildings

**PI** Consumption of water (M<sup>3</sup>) per square meter GIA for main buildings

**PI** Average office floor space per member of staff within the Town Hall

**PI** % gross internal floor space in condition categories A to D, where A is excellent, and D is poor

**PI** Number of properties with Access Audit undertaken

**PI** Emissions of carbon dioxide in tonnes per square metre GIA

## **Government Policy and Statutory Responsibilities**

The 2006 Budget highlighted some major changes in the world of asset management. The 2006 Comprehensive Spending Review identified as one of its four key priorities: -

***“Delivering a step change in the management of the public sector asset base”.***

More specifically, the spending review focuses on the condition and management of the public asset stock as a basis for looking at investment decisions. The aim is to maximise value from assets through:

- Disposing of assets no longer required for service delivery.
- Improving the management and utilisation of retained assets.
- Basing future investment decisions on a more complete assessment of the condition and performance of the existing asset base.

## **The Resource Context**

The Council aims to ensure that its asset management strategy is effectively implemented.

The Council decided to carry out condition surveys on a component basis. Based on risk assessment those identified as a priority for 2006-2007 are:-

- Asbestos
- Electrical Safety
- Fire Risk Assessment
- Water Safety
- Energy efficiency within major properties

All of these surveys will be completed by March, 2007.

For 2007-2008 a fabric condition survey of major properties is planned. This will be prioritised on a risk assessment basis.

The results of the surveys will be stored centrally on the Council's Asset Management database and will be monitored by the Corporate Property Group.

The Council makes a substantial investment in its assets from both revenue and capital funds. Resources are allocated against project applications subject to needs assessment and in accordance with generally accepted accounting practice.

## **Changes in the External Environment and their Implications for Property**

The underlying economic factors affecting the national economy apply to Barrow subject to unique geographical characteristics. The Town is held back from its full potential because it is not considered a prime location for investment by property market decision-makers. In overall terms, its property economy is relatively self-contained on a needs must basis.

Mainly sub-regional and local developers and investors serve the Barrow property market, with the possible exception of the retail sector.

When the UK market shows an upward trend, stability or decline, the Barrow market follows – subject to a time delay because of its location.

The Town's peaks have been historically, neither high enough or long enough to attract much national interest – or more importantly, the magnet of institutional funds which finances property development. This may be slowly changing.

Attracting new interest to Barrow can be painstakingly slow and has required public pump priming intervention over a long period with different levels of risk, leadership and support.

It is the major financial institutions who ultimately control capital flow and investment, and who make decisions in the UK property market. These funders prefer rapid rental growth in return for their capital investment in order to secure large rewards quickly and offset risk.

Unless such funders are looking for long-term sustainable investment with the need for a geographic time consuming commitment, developers will prefer more profitable southern locations: where rental growth increases more rapidly and over shorter periods.

This risk averse attitude by the private sector has meant that the public sector has had to be proactive in order to attract development to Barrow in order to improve economic development opportunity for its community.

This is why Barrow Borough Council owns a considerable property portfolio and needs to be at the leading edge of public – private partnership working.

## The Existing Portfolio and its Current Performance

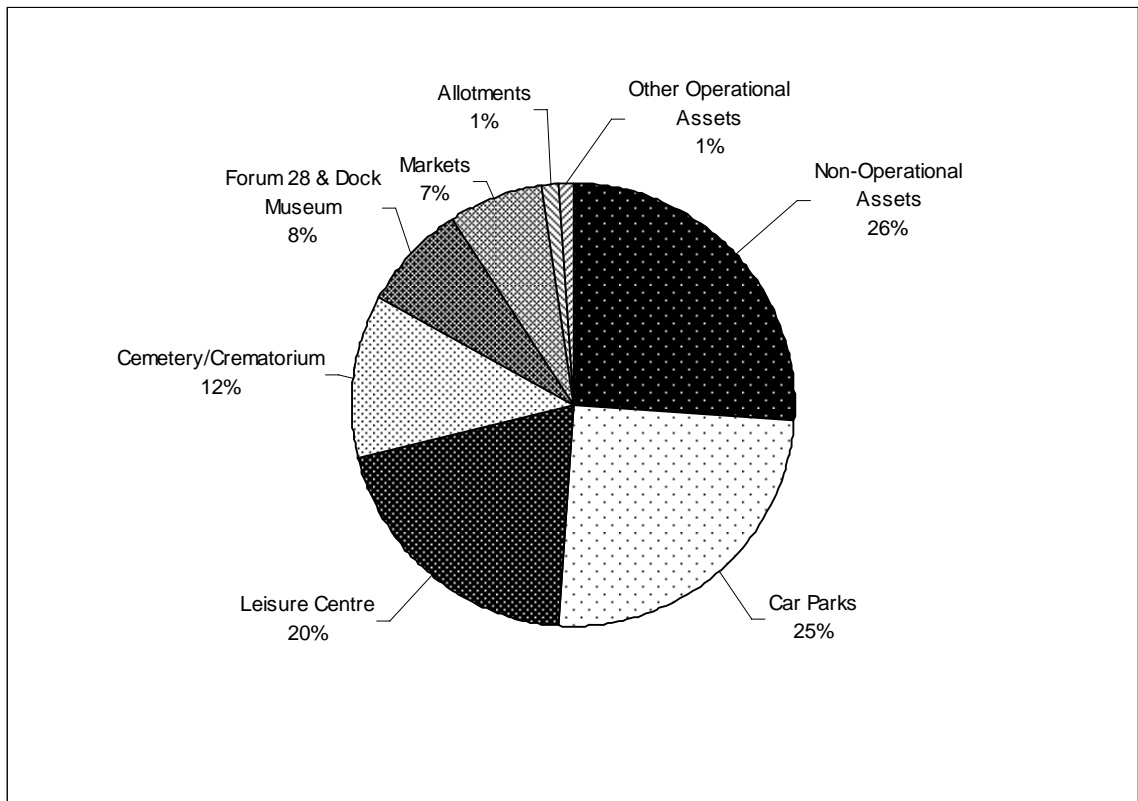
### General Fund Asset Value as at 31st March 2006

	Operational Assets	Non Operational Assets	Total
No of Asset lots	58	209	267
Total Value	£19,957,440	£22,814,690	£42,772,130
Total Income	£2,460,940	£869,730	£3,330,670
Capital Receipts (Sales 05/06)		£257,740	£257,740

### Maintenance

	<u>05/06</u>	<u>06/07</u>	<u>07/08</u>	<u>08/09</u>	<u>09/10</u>
Revenue Budget	£276,190	£255,500	£387,500	£387,500	£387,500
<b><u>Capital Programme:</u></b>					
Investment in public buildings	£1,996,950	£1,645,500	£968,500	£980,000	£977,500
Investment in other public assets	£6,534,620	£5,143,180	£1,544,500	£272,500	£279,500
Ratio Planned : Reactive Maintenance	90:10	87:13	86:14	86:14	87:13

# Income From Assets 2005-2006



## Condition Survey

Assets shown as a percentage of total assets in each category

A = Excellent

B = Good

C = Satisfactory

D = Poor

<u>Grade</u>	<u>Operational</u>	<u>Non-Operational</u>
A	12%	14%
B	60%	72%
C	28%	10%
D	0%	4%

The 4% of Grade D Non-Operational assets are those purchased in poor condition, to be developed by the Council as part of our market intervention to support regeneration activities.

## Continuous Review and Challenge

### Gap Analysis – Portfolio Assessment

Barrow Borough Council is in a strong position with a varied portfolio which meets the current needs of the Council and supports the regeneration programme.

It constantly reviews its operational property needs and has increased its revenue budget to deal with its maintenance backlog.

It has a diverse and mixed non-operational portfolio which has produced a significant revenue income in addition to supporting economic development.

The Council has intervened in the property market through its regeneration programme to bring about regeneration in the secondary tertiary areas of the Town Centre.

The Council is in preparation of a further urban development grant application to the North West Development Agency to support and continue the regeneration of the Town Centre.

The Council is participating with Cumbria County Council on a property rationalisation exercise.

Sharing services and accommodation across the public and voluntary sectors is a theme the Council is keen to explore.

### **Review of Asset Strategy, Property Objectives and Delivery**

The Council reviews its operational and non-operational properties on a regular basis. For example;

1. The Council has a policy of transferring community centres into community ownership/management. Two community centres have recently been transferred to community groups. The Council is examining opportunities to transfer two other community centres into community ownership.
2. The Council's main arts and cultural centre is to undergo an extensive refurbishment to maximise its use and make the building more flexible and functional. The Tourist Information Centre will be integrated into the arts building which will provide savings and economies in resources.
3. The main civic building, Barrow Town Hall has recently undergone significant remodelling to make the building more accessible, functional and efficient. All public services have been transferred to the ground floor, CRM and main reception services being externalised to the private sector.

4. The Council has recently acquired one managed business space and developed a second, which are managed in partnership with the private sector.
5. The Council endeavours to acquire obsolete/derelict strategic town centre properties for regeneration purposes and utilises them, where appropriate, for operational use (i.e. neighbourhood office).

## **Options Appraisal**

The Council invests in projects based on robust option appraisal where feasible.

The Council aims to follow best practice for options appraisal as follows;

- Clearly identify objectives.
- Consider different ways of achieving the objectives.
- Assess the costs and benefits of the draft options.
- Identify and quantify, if possible, the pros and cons of the options.
- Consider any risks and uncertainties.
- Assess the best value use of resources, not just the lowest initial cost.

## **Preferred Strategy Options**

1. *Operational Property Strategy*
  - The Council will own a highly rationalised portfolio of property to deliver services and which provides users with a good standard of efficient, accessible accommodation and facilities by making buildings Cleaner, Greener and Safer in the right location and at the right cost.
  - All service property will be efficient and effective in supporting delivery of the Council's key priorities.
  - The Council will occupy freehold property where appropriate.
  - The Council will hold leasehold property only when necessary to deliver accommodation required on a flexible basis, or when freehold is not available.
  - The Council will develop partnership working with other local authorities, public sector bodies, the community and voluntary sector to co-locate services.

The following policy principles are to be applied to enable delivery of the service property strategy:-

*Investment Principles*

Investment should be made only through the 3 Year Capital Programme where:-

- The property is required for the medium or long term use of the Council, and
- The investment:-
  - enhances service delivery
  - improves sustainability
  - improves utilisation
  - increases efficiency
  - adds value
- It addresses statutory obligations.

2. Non-operational Property Strategy

- The Council will own property that helps to deliver the corporate priorities.
- The Council will investigate new medium and long-term development opportunities that will support delivery of Barrow Urban Design Framework and economic development policies.
- The Council will own property that provides a regular sustainable income stream, as a component of the Medium Term Financial Plan.
- The Council will strive to improve the performance of the income stream through effective Estate management and development.

The following policy principles are to be applied to enable delivery of non-operational property strategy:-

### ***Investment Principles***

Commercial property will only be held where:-

- It provides an acceptable financial return.
- There is potential for Council involvement to deliver economic development objectives.
- It contributes effectively to the delivery of other Council priorities.
- It improves future sustainability of income.
- It addresses legal or contractual liabilities and obligations.

### 3. *Surplus Property Strategy*

- The Council will dispose of assets that it does not require on the open market on a freehold and leasehold basis at best consideration.

The following policy principles are to be applied to enable delivery of the surplus property strategy:-

### **Surplus Property**

All operational and non-operational property will be sold unless:

- It is occupied efficiently and effectively for services in the right location, at the right price.
- It can be used to deliver social, economic or environmental benefits.
- It is a long-term strategic investment.

### 4. *Property Acquisition Strategy*

- The Council will only acquire assets if there is a business case to support the improvement in service delivery in the Capital Strategy.
- The Council will acquire assets that assist with the delivery of social and economic development policies if there is a business case in the Capital Strategy.
- The Council will develop opportunities, in partnership, to assemble sites to deliver Council objectives.

The following policy principles should be applied to enable delivery of the property acquisition strategy:-

## **Property Acquisition**

Property will only be acquired in the following circumstances:-

- Where the service cannot be efficiently delivered without it.
- Where it is required to deliver social and economic policies.
- Where it is required to support the delivery of other Council priorities.

## **Conclusion**

This AMP 2006-2011 describes how the Council's strategic approach to managing its assets has been developed in ensure assets effectively contribute to achieving its corporate goals and improving service delivery. The Council is committed to further progress in all of the areas covered by this AMP, in order to achieve best value as it moves towards its vision, "To enhance the economic and social future of the Borough to meet the needs and aspirations of the community."

## **Key Actions for 2006-07**

- 1) Match and identify differences between Asset Register spreadsheet and Technology Forge Asset Database
- 2) Acquisitions to be added to Asset Database
- 3) Ensure all assets are registered with Land Registry and are recorded electronically on the TF Asset Database
- 4) Commission Electrical Condition Survey for main properties
- 5) Undertake Fire Risk Assessments to main operational buildings
- 6) Work with Carbon Trust to undertake surveys of Town Hall and Forum 28
- 7) Appoint Lead Member for Asset Management
- 8) Establish Corporate Property Group
- 9) Create a schedule of maintenance contracts for key operational and non-operational properties

## **Key Actions for 2007-08**

- 1) Produce Asset Register from Technology Forge Asset Database
- 2) Asset Database to be used as the Council's Asset Register, and as prime source of Asset information
- 3) Investigate adoption of Property Performance Indicators
- 4) Develop monitoring procedure for AMP
- 5) Encourage Corporate use of Asset Database