

**REPORT TO: POLICY AND RESOURCES COMMITTEE ON 20 OCTOBER 2009**

**SUBJECT: ASSET MANAGEMENT PERFORMANCE**

**BY: CHIEF FINANCIAL OFFICER**

## **1. REASON FOR REPORT**

- 1.1 This report compares the current performance of the Council's operational properties in 2008/09 with performance in 2007/08.
- 1.2 This report is submitted to Committee in terms of Section A (38) of the Council's Administrative Scheme relating to the formulation, implementation and review of asset management policies and practices.

## **2. RECOMMENDATION**

### **2.1 The Policy & Resources Committee is invited to:**

**Note the performance of the Council's operational property portfolio during financial year 2008/09.**

## **3. BACKGROUND**

- 3.1 On 29<sup>th</sup> March 2006, the Policy & Resources Committee approved the following vision statement and asset management objectives:

### **Vision Statement**

*"All our assets will contribute to sustainable and accessible service delivery."*

### **Asset Objectives**

- a) *"To ensure that our assets are fit for purpose in terms of condition, sufficiency, suitability and accessibility."*
- b) *"To ensure that our asset use demonstrates Best Value in terms of running costs and environmental impacts."*
- c) *"To ensure that our Asset Management processes reflect good practice."*

- 3.2 On 24 May 2006 the Policy and Resources Committee approved local performance indicators designed to measure progress towards these objectives. The Council also reports on 3 statutory performance indicators for property performance. Results for these indicators are listed in **Appendix A**.
- 3.3 Significant variations from the 2007/08 operational property performance are discussed below.
- 3.4 Statutory Indicator: Proportion of public service buildings accessible to disabled people. The total number of buildings within the scope of this indicator has reduced from 70 to 69. The number of Council buildings within the scope of the indicator whose public areas are accessible to the public has increased from 54 to 57. Five properties have been deleted as the Council no longer delivers services to the public from them and four new buildings now fall within the scope of the indicator. The increase in the percentage of properties assessed as accessible reflects progress in the ongoing programme of works carried out by the Council to improve the accessibility of its public buildings to disabled persons.
- 3.5 Statutory Indicator: Proportion of operational accommodation in satisfactory condition. This reflects targeted expenditure on schools and other properties which were in category C, resulting in a move to category B.
- 3.6 Revenue Costs: The increase in property costs as a percentage of the gross Revenue Budget primarily reflects the increase in fuel costs from 2007/08, in turn reflecting the worldwide increase in the price of oil.
- 3.7 Condition: Council approved increased expenditure on schools and other buildings, in recognition of the level of backlog maintenance required and that planned maintenance should be a more effective way of maintaining property than response maintenance. Consequently, expenditure on maintenance has increased. The cost of Required Maintenance (backlog of maintenance) per square metre has dropped.
- 3.8 Sustainability: Energy consumption and carbon dioxide emission headline figures should be treated with caution, as there are many factors which can affect the performance of the portfolio and of individual buildings within it. However, the year on year figures for 2007/08 to 2008/09 give no immediate cause for concern and indicate a slight improvement in performance, despite the very cold winter in 2008/09.
- The Council's Carbon Management Plan aims to reduce the Council's carbon dioxide (CO<sup>2</sup>) emissions by 30% over the next 5 years.
- 3.9 Suitability: There are no significant changes, bar accessibility (see para 3.4)
- 3.10 Sufficiency: No change

- 3.11 The Council's total operational property portfolio as defined for use with these performance indicators, consists of the school estate of 56 buildings, extending to 139,700 m<sup>2</sup> (2007/08: 138,500m<sup>2</sup>) and the general portfolio of 184 buildings, extending to 82,600m<sup>2</sup> (2007/08: 72,500m<sup>2</sup>).

#### **4. SUMMARY OF IMPLICATIONS**

##### **(a) Single Outcome Agreement/Service Improvement Plan**

The Single Outcome Agreement for 2008/09 included targets of increasing the proportion of operational accommodation that is both in satisfactory condition and suitable for its current use (National Outcome 12), decreasing overall property costs per m<sup>2</sup> gross internal floor area (National Outcome 12); increasing the proportion of public service buildings suitable for and accessible to people with disabilities (National Outcome 10), and reducing the area's carbon/ecological footprint (National Outcome 14).

##### **(b) Policy and Legal**

There are no policy or legal implications arising directly from this report.

##### **(c) Resources (Financial, Risks, Staffing and Property)**

There are no resource implications arising directly from this report.

##### **(d) Consultations**

The Energy Officer and members of the Asset Management Working Group have been consulted and their comments incorporated in this report.

#### **5. CONCLUSION**

- 5.1 **The Council's operational property portfolio shows a small improvement in 2008/09 from 2007/08 for most areas other than revenue costs, where the increase in oil prices resulted in increased expenditure on property running costs.**

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Background Papers:

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