

Report for Resolution

Report to Cabinet
13 July 2011

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Report of Director of Regeneration and Development

Subject Corporate Asset Management Strategy – 2011/12

Purpose

The report presents the draft corporate asset management strategy for 2011/12 for approval

Recommendations

Members are recommended to:

1. Approve the draft corporate asset management strategy for 2011/12 as set out in appendix 1 of the report; and
2. Note that the officers will focus on the following key priorities:
 - a. Review of existing council commercial assets – part of a five year cycle – to identify properties for disposal, retention and investment;
 - b. Office accommodation review;
 - c. An improvement plan to deliver good asset management practice confirmed by external audit;
 - d. Improvement of service delivery of estates and strategic asset management; and
 - e. Development of the council's approach to the management and ownership of community assets.

Financial Consequences

There are no financial consequences arising directly from this report. However, maximisation of income and funding for effective asset management is an on-going requirement as identified in the strategy. The capital and revenue budgetary implications will be subject to and considered in the budget setting process.

Risk Assessment

As well as providing buildings and other assets to enable the council to provide services, the council owns a large investment portfolio of assets which contribute significantly to the council's income. Service delivery and income levels may be severely comprised if assets are not properly maintained or if there is no reinvestment in the portfolio following disposal of high income earning assets.

Strategic Priority and Outcome/Service Priorities

The report helps to meet the strategic priorities of a Strong and Prosperous City, Safe and Healthy Neighbourhoods and Opportunities for All, and the service plan priority to review the city's many assets to ensure that they are maintained and

their value maximised by [in part] preparing an asset management strategy for the authority

Executive Member: Councillor A Waters

Ward: All

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Background Documents

None

Report

Background

1. The council adopted an asset management strategy for non housing property in September 2007. This strategy was for the 2007 to 2011 period¹. The council therefore needs to adopt a new strategy, which reflects the present circumstances and opportunities facing it.
2. The council has an extremely extensive and diverse asset portfolio. Part is a number of occupied buildings such as City Hall which provides accommodation for staff. A second element is community assets such as parks, cemeteries, play areas, community centres, toilets, etc. The third element is the heritage portfolio such as the city walls or certain historic buildings. Finally the council owns a large investment portfolio such as offices, industrial units, shops and car parks which provides significant income to the council. Many assets fit into more than one of the above categories.
3. The enclosed strategy is intended to provide a framework for the management of the council's portfolio to ensure that:
 - Assets are used and managed in response to corporate and service priorities and objectives;
 - The strategy also influences corporate and service priorities and objectives;
 - The use of assets, be it to provide a service or income, is sustained;
 - Value for money; and
 - There is good governance and strategic overview.
4. The strategy is therefore intended to be a clear statement of the approach to be followed in making decisions relating to the property resources that support delivery of the council's priorities and objectives. The strategy also sets out the high-level overview of the property plans, programmes and projects that are being or need to be developed to implement the strategy.
5. The council audited its asset management governance arrangements, processes and practice in 2009. Whilst acknowledging areas of good practice and innovation it also identified some areas of risk. These were to:
 - Improve the performance measurement of the portfolio;
 - Have a clear maintenance strategy;
 - Resolve data quality issues (currency, completeness, accuracy); and
 - Ensure greater consistency with accepted asset management 'best practice'
6. As described in the strategy, the council has a programme of work to address these shortcomings. However because of them; particularly in relation to performance measurement and data quality, it has not been possible to set out more detailed initiatives in the strategy at this stage. Similarly there is uncertainty pending the council reviewing its corporate plan. At this stage, therefore the strategy should as much be seen in the short term, as a

¹ The plan was reviewed in January 2009

framework to take forward the council's asset management.

7. As work is completed to resolve shortcomings in asset governance, process and practices (for example through on-going reviews of individual assets) and the council reviews its corporate plan it will be possible to develop greater detail. The next review is intended to be carried out in 2012/13 and thereafter in final quarter of each financial year to inform planned work in the following. This early review will follow the likely implementation of the Localism Bill presently before Parliament which envisages additional powers and role for local communities in respect of community assets.

Norwich City Council

Corporate Asset Management Strategy 2011/16

Draft

April 2011

The council has a diverse property estate. Whilst the bulk is operational there is also a significant investment portfolio which makes an important contribution to the council's revenue budget. The portfolio comprises 1091 properties worth £194 million in terms of book value of which the investment portfolio represents £56 million. The latter provides a rental income of £3.4 million. Running costs are some £6.3 million p.a.

This is a significant portfolio for a district council and it makes an important contributing factor to the quality of the council's services. This strategy sets a broad direction for managing these assets over the medium term, to ensure that the property portfolio is optimised to meet corporate and service needs. The strategy it is at an early stage of development and may be as much seen as a framework for future action.

The strategy is intended to be a practical tool which will help define, implement and measure how the council maintains and improves its property and land assets. This will include innovation and application of best practice in asset management. As part of the

latter the strategy sets out a number of key principles and objectives for asset management within the authority:

- The whole portfolio should be:
 - Planned for and managed on an authority-wide basis
 - Assessed in terms of its performance
 - Managed corporately within clearly defined responsibilities
 - Managed using clear procedures
- and individual properties should be:
 - Owned/managed corporately
 - Suitable and sustainable
 - Safe and secure
 - Maintained to an appropriate standard
 - Used efficiently with risks minimised
 - Funded adequately
 - Reviewed regularly
 - Held only if it adds value to service delivery
 - Used to deliver council's goals

The strategy applies to all property [and land] assets the council owns or uses; excluding council owned housing. In part the strategy is informed by a 2009 audit of the council's asset management practice that identified some areas of risk. In particular the strategy addresses:

- The significant resource pressures on the council;
- A continuing challenge to promote economic prosperity; and
- The council's desire to empower communities.

Specifically the strategy sets out to:

Optimise the portfolio

The existing portfolio is a legacy of piecemeal decision making over a period of time. Whilst it has been subject to review there may be value – in either service delivery or financial terms – to be released or further opportunities to increase income/reduce costs. Review work needs to concentrate on aligning the portfolio to future needs of the council plus provide a challenge at an individual asset level over whether to 'retain' or 'release'. Such reviews are a cornerstone to the strategy and are already being carried out within the investment portfolio based on a robust challenge of the need and performance of individual assets. Over time the outcome of such reviews will feedback into the strategy to inform its development.

Prioritise investment in the portfolio

Given financial pressures, scarce capital investment needs to be directed towards supporting income generation or cost reduction: to those assets identified to be retained as part of the portfolio optimisation.

Rationalise Office Accommodation

The council's target operating model assumes that City Hall will be retained as the council's 'headquarters' with the delivery of services at a neighbourhood level. As the council transforms it will have less staff and with more efficient use of existing accommodation through better space utilisation and flexible working it will have a need for less office space in the future. This will allow the release of space which can be disposed of to provide revenue savings or re-let to secure an income stream for the council.

Developing Asset Management practice

The audit review of asset management identified several areas of improvement including the quality property information and performance framework. These underpin effective decision making on property matters with the quality of decision making dependant on the quality of information.

Scope to work with the other organisations and the private sector

Like some other authorities, the council has adopted a radical approach to the management and development of part of its portfolio through the joint venture with the HCA. Scope for joint ventures also exist with the private sector, for example, in developing major sites. This can help lever in both funding and expertise to optimise such development.

Promoting sustainability through Property

To improve sustainability the council needs to occupy less space and occupy efficient buildings. Inefficient buildings need to be targeted for release or remedial action. With the introduction of the Carbon Reduction Commitment Energy Efficiency scheme (CRC) and an open market for

carbon at market price from 2014 the council needs to ensure the impact on the revenue budget is minimised.

Key risks to the delivery of the strategy are identified. Above all, there is a need to enhance capacity and experience within the property function. There is also a need for member and senior officer commitment. Lastly the council is undergoing a major reform in how it is organised and works and it will be important to review the strategy in light of such changes: the recommendation being an annual review to coincide with the corporate planning and budget setting cycle.

The strategy sets out, finally, a process for measuring progress in delivering effective asset management. This includes a comprehensive set of property performance indicators.

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The council's property assets are an important contributing factor to the quality of public services. Well designed, well maintained and well used buildings and open space in addition to supporting services can act as a stimulus to wider regeneration of the area. As the nature of public services change as a result of constrained public expenditure and rising expectations over service quality so the council's property portfolio needs to change.

Central to the future of public services, our aspirations for the city and the nature of our supporting portfolio of buildings are the concepts of **place** and **space**. That is the location of service provision and the environment in which services are provided. The concepts of place and space are a link between residents and the council. Together they provide a sense of identity, community, function and image.

For all its services and administrative functions the council needs to question where it needs to be and how much and what type of space is required. Buildings and open space cost money to provide and maintain and in the context of diminishing public expenditure there may need to be a new pattern of **service places** for Norwich

and **property spaces** may need to be different from those that have been traditionally provided.

This Corporate Asset Management Strategy articulates a broad vision for the future and sets a framework for action, which needs to be developed over time, and will see the council's portfolio of buildings change to respond to this new environment. Whilst the council may in the future have less property in fewer places; the property it does have is also likely to be different. The strategy has highlighted the need for the Council to improve the quality of information and data on the portfolio. Furthermore in identifying best practice the strategy provides the framework for a service improvement plan that will help to establish the priority for the use of resources, including staff time.

The council owns different types of properties for different purposes with each requiring a specific management focus. These include operational buildings which are used directly to provide the council's service; administrative buildings to accommodate council staff; investment properties held to support wider economic regeneration and a number of historic assets for which the council

has a stewardship role. The council also owns considerable areas of open space such as parks. This strategy reflects these different perspectives of the portfolio.

The strategy is not a static document but part of a process designed to engage Members, officers and customers in a debate about the nature of; and future management direction for the council's property resource. It is intended to promote a common understanding of emerging issues and intended actions.

Portfolio Holder

Purpose and Scope of Strategy

This document identifies the key strategic policy and resource influences affecting Norwich. In response to these factors, it sets a broad direction for asset management for the council over the medium term. This will enable its property portfolio (and associated professional support) to be optimised to meet identified needs. It is intended to aid rational property decision making based on corporate and service priorities. It is intended to be a practical tool which helps to define, implement and measure how the council:

- Makes its investment decisions
- Maintains and improves its assets
- Increases the cost effectiveness of its portfolio
- Promotes innovation and development in asset management
- Listens and responds to property users

The strategy has been written with a 3-5 year planning horizon but will need to be reviewed and refreshed regularly to reflect changing circumstances. It is restricted to consideration of property assets that the council owns or uses; excluding council owned housing. However, as part of the review process linkage with the housing

asset management strategy will be developed. The strategy has been informed by the views of service managers and a 'high level' review of the existing property portfolio. It is intended for a wide audience including:

- Members - to support their decisions on investment priorities in the portfolio
- Senior managers - to identify likely portfolio changes to meet their needs and to define required management action
- The public – as a statement of the council's asset management practices and priorities

Format & Content of Strategy

The strategy is arranged in 8 sections with appendices containing supporting material.

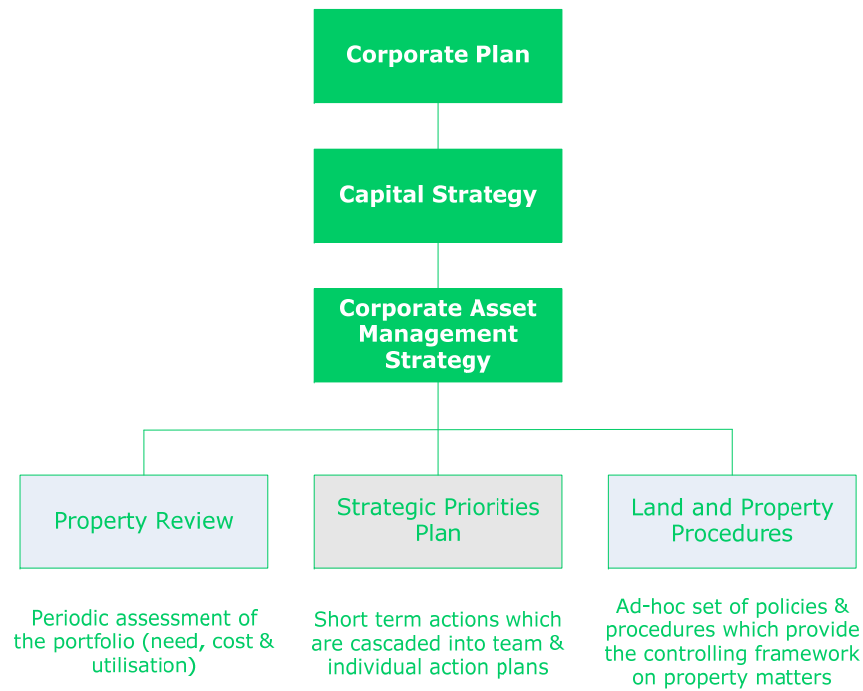
- This section has explained the purpose, scope and intended audience for the strategy.
- Section 2 provides an overview of the role of asset management within the council.

- Section 3 describes the broad planning context for the strategy. These are a range of policy and resource influences from a national to local level to which the council's management of the portfolio must respond.
- Section 4 articulates the strategic direction for asset management in response to these challenges and provides a broad framework of action under a number of key themes.
- Section 5 defines the council's approach to property asset review, categorisation and investment. With scarce funding spending needs to be directed to core assets likely to be retained in the future.
- Section 6 provides information on the size and nature of the property portfolio under thematic headings, and is designed to improve understanding of the portfolio and to raise awareness of emerging issues in the estate.

- Section 6 identifies the main challenges (resources, constraints and risks) in implementing the strategy and gives a template to measure progress in delivery.
- Section 7 provides a simple visual summary of the strategy linking the broad planning context for asset management to the strategic response through asset management

The strategy is summarised in section 8 and is amplified through supporting material given in the appendices.

The corporate asset management strategy does not exist in isolation. It is closely linked to the council's corporate plan and capital strategy and is supported by more detailed plans and guidance as shown in the diagram on the next page. Whilst the corporate asset management strategy sets the broader medium vision for managing the council's portfolio the strategic priority plans set the more immediate short term actions for the next 12 months.



Where the term asset management is used it is used as a shortened version of property asset management.

Why Asset Management is Important

The council places strong emphasis on the role of asset management in improving value for money and better public services. Asset management can have a major influence in delivering better outcomes for residents and in creating a sense of place. Public sector performance and confidence in public services are inextricably linked, and management of property assets underpins this linkage. Physical infrastructure, such as property, is essential for supporting technology, business processes and cultural change which is required to continually raise the council's performance. This link between property, organisational health and effective local services is summarised below.

- **Efficiency** - Underinvestment in asset management and planning can lead to wasted space and higher costs (including greater use of energy), diverting resources from corporate and service priorities. It can also lead to under performance in rental income from investment properties.
- **Access to services** - The physical location and design of buildings is an important determinant of accessibility.

- **Community Regeneration** - Strategic management of investment through property can provide opportunity to facilitate regeneration initiatives, particularly where they are community led.
- **Customer perception** - Buildings prompt confidence that an organisation is capable and professional and also influence a customer's experience of interacting with the public sector.
- **Staff morale** - A good working environment can motivate staff and contribute to low staff turnover and a good physical environment sends a message that staff matter.

Organisational Arrangements

Responsibilities for property related activities are managed by the directorate of regeneration and development. The director has overall responsibility for the management of corporate assets and this service is managed within the:

- City development service; covering activities which affect the size and nature of the portfolio i.e. strategic asset management, valuations and estates management;
- Property service; covering activities which affect the physical maintenance and improvement of assets; and
- Citywide service; covering the management of parks and play areas and other open space.

An asset management board has been established to consider strategic asset management issues and to oversee the development of the function as the council itself undergoes a transformation process. The asset management board has senior cross-service representation as well as member representation through the portfolio holder. The asset management board reports to the Capital Programme Board, on asset disposals, and to the Corporate Leadership Team and Cabinet, on strategic property decisions.

Asset Management Principles & Objectives

The council has adopted a set of principles and objectives for its property portfolio.

Principles & Objectives

The whole Portfolio should be:-

- Planned for and managed on an authority-wide basis
- Assessed in terms of its performance
- Managed corporately within clearly defined responsibilities
- Managed using clear procedures

Individual properties should be:-

- Owned/managed corporately
- Suitable and sustainable
- Safe and secure
- Maintained to an appropriate standard
- Used efficiently with risks minimised
- Funded adequately
- Reviewed regularly
- Held only if it adds value to service delivery
- Used to deliver council's goals
- Managed to reduce energy & minimise environmental impact

It is the translation of these principles and objectives though day to day actions that is important in securing effective strategic property. Underpinning these principles and objectives is the need for a clear

rationale for the ownership and on-going management objectives for each individual property asset.

Asset Management Practice

The council reviewed its asset management governance arrangements, processes and practice in 2009¹ as part of its internal audit. This review acknowledged the council's areas of good practice and innovation in asset management but also identified some areas of risk where further development work was required. These were:

- The need to improve the performance measurement of the portfolio;
- Have a clear maintenance strategy;
- Resolve data quality issues (currency, completeness, accuracy); and
- To ensure greater consistency with accepted asset management 'best practice'.

The council has established a programme of work to address these areas of risk. Appendix 1 provides a commentary on the council existing practices against 'best practice' in asset management and intended actions to develop practice further.

¹ Review carried out by PricewaterhouseCoopers

Influences for Change

There are a range of influences that are driving change in the city and to which the council must respond through its portfolio management. These can be seen at a national, regional and local level.

National - the context is set by the UK's 'fiscal gap'; the need for public service transformation in response to rising public expectations and a policy drive around place shaping. The medium term resource context is shaped by significant national debt which needs to be reduced. This has led to an era of public spending constraint and a drive for **efficiency savings** to encourage better use of limited financial resources. This emphasis on efficiency allied with rising public expectations of council services implies a need for **public service transformation** with a focus on exploring new ways of delivering services.

There is also a policy drive to develop sustainable communities with an aspiration to create vibrant neighbourhoods, which are attractive places, to live, work and play. Part of this is concerned with encouraging **resident participation** and **place shaping**

which is concerned with the council and community conserving existing character where this is valued or collectively articulating a new vision for the character of the area.

The **Localism Bill** will be a key instrument in delivering this agenda. The aim of the Bill is to decentralise – moving power, money and knowledge away from central government towards individuals, communities and councils. The bill aims to make it easier for community facilities (pubs, shops, libraries & community centres) put up for sale to be bought by a community group – **'community right to buy'**. Local groups will be able to place certain buildings on a 'most wanted' list and if they are put up for sale, they would have to be given time to develop a bid and raise the money.

Regional – Norwich is part of the New Anglia Local Economic Partnership which covers both Norfolk and Suffolk. It is also part of the Greater Norwich Growth Area which is anticipated to see 33,000 new homes (3,500 in the city) within the period up to 2026. The regional policy direction is to promote the city as a cultural, retail and economic centre.

Local - The council needs to respond to these national and regional influences whilst protecting vital services. To do so the council will have to **use its own resources effectively and efficiently** and in light of public expenditure constraints seek to do more for less and maximise income. Alongside this there is a need to live more **sustainably** and to reduce both the council and the city's overall carbon footprint. The well-being of the area is also dependant on **promoting a thriving economy**, ensuring **neighbourhood vibrancy** and sustaining **community cohesion**. In terms of neighbourhood regeneration there is a relationship between the asset management strategies for housing and corporate properties and this is managed by the regeneration framework that looks at site development issues on a neighbourhood basis.

How the council manages its property assets and the broad direction it sets for asset management must be responsive to these influences for change. The public expenditure constraints will affect all services and it is important that the council's property portfolio is optimised to support these changes and that where possible capital

and revenue 'tied up' in bricks and mortar is released to support service delivery.

The Council recognises that in meeting its aspirations for the community it serves it too has to change. These changes need to improve value for money in services; provide better customer care and support regeneration of the area. There are a range of corporate and services aspirations to which the council's property portfolio must respond in terms of its size, nature and management. The most significant of these are highlighted briefly below.

The Resource Context

The Council is facing significant budget pressures over the medium term. Although services are currently run efficiently, an anticipated budget reduction in the region of 20% of gross revenue expenditure over the next three years coupled with limited capital resources implies the need for radical changes to secure financial savings. The council has a strong commitment to protect services and jobs but the revenue pressures suggest that in a broad service context more needs to be done for less and differently.

Whilst no explicit targets have been set for cost reductions or capital release from the council's asset base there is a need to optimise the portfolio's contribution to these pressures. The property portfolio has some latent value which may need to be released over time.

However in responding to budget pressures the emphasis through asset management needs to be directed towards revenue budget support, i.e. reducing revenue costs or increasing income. The release of capital funds from asset disposal is an important but secondary consideration.

Corporate and Service Priorities

There are a range of corporate and service strategies which asset management must support. The most significant of these are summarised below.

Corporate or Council-Wide Initiatives

The council's vision for the city and its own priorities are expressed through the Corporate Plan 2010-2012 'Deliver for Norwich'. The council's vision and priorities are underpinned by three key themes

which are integral to all its activities. These are concerned with **customer focus** – ensuring that customers are at the heart of the council's activities and priorities; **continuous improvement** – encouraging better use of resources; more effective processes and improved outcomes and **cost conscious** – ensuring value for money in an era of constrained finances. The asset implications of these are illustrated through the table below

Customer Focus	<ul style="list-style-type: none"> • Ensure buildings are clean, safe and secure • Promote a welcoming environment • Ensure buildings are 'fit for purpose'
Continuous improvement	<ul style="list-style-type: none"> • Further develop asset management practice • Improve utilisation of buildings
Cost Conscious	<ul style="list-style-type: none"> • Reduce running cost of property assets • Minimise future revenue liabilities • Increase income from non-operational assets • Generate capital for reinvestment

- **Target operating model:** The council has developed this model to provide a blueprint for a leaner Council. The model

recognises that the council will have fewer directly employed staff, a changed organisational structure, becoming more flexible to changing circumstances, more responsive to customer needs, with streamlined processes, operating as a single council to agreed service delivery standards.

- **Neighbourhood strategy:** the council has a strong neighbourhood focus for its service delivery. This philosophy of 'close to the customer' is supported by the physical location of and more effective use of the council's property assets, particularly those that have a community benefit. In the future more innovative ways may be required to sustain these assets including the consideration of having fewer physical assets.
- **Customer experience strategy:** The council's customer experience strategy seeks to take a holistic approach by putting the customer at the heart of what the council does. There is a presumption of using the most efficient channel for accessing services but also a desire about giving people choice. The emphasis is on 'self-service' through web access as a first preference for customer contact; followed

by phone and lastly through face to face contact; but there is also recognition of need to support the most vulnerable in the community. The strategy emphasises the need to deliver services where people are of go rather than where the council is.

- **Accommodation Strategy & Work-style Initiative.** – As part of the target operating model the council is reviewing its office accommodation and current working methods. The implicit assumption underlying this is the encouragement of more flexible work patterns consistent with a modern, 'fleet of foot' council to create an environment which aids staff effectiveness. This will be achieved on an incremental basis reflecting constraints imposed by existing buildings and IT infrastructure.

Service Specific Strategies and Portfolio Implications

There are also a number of service strategies to which the asset management strategy needs to respond. For those services areas which have property assets a brief 'medium term' pen picture of a service asset strategy is presented through Appendix 2; along with

any intended property specific actions. This appendix is organised by service and / or asset type.

Problems and Pressures in the Portfolio

A number of issues have been recognised with the current status and management arrangements for the portfolio. These need to be addressed with an appropriate response defined through the strategy. These problems and pressures include:-

- ***A Legacy of under-investment*** – the portfolio has suffered from an historic under-investment and thus in general terms the portfolio comprises ageing buildings which are in a poor condition, not fully 'fit for purpose' and inflexible in terms of meeting future needs. A significant maintenance backlog in an era of constrained budgets means that the council must have robust decision making process around the allocation of scarce revenue and capital resources.
- ***Poorly Performing Properties*** – A lack of scrutiny over running cost performance and space utilisation means that there may be capital and revenue tied up in buildings which

could be better directed to support service delivery or to reduce costs. Lack of performance measurement at whole portfolio, sub-portfolio and individual property level has been identified as an area of risk. The strategy identifies a basic performance measurement framework and some property performance indicators in response to this.

- ***Deficiencies in Asset Management Practice*** – The 2009 audit identified other areas of risk. In partnership with Norfolk Property Services there is an improvement programme that is seeking to address these shortcomings. The appendices to this strategy describe progress in delivering this improvement programme.
- ***A large number of historic assets*** – The city has a broad asset portfolio which includes a large number of heritage assets and stewardship properties. A number of these present the council with specific issues as they have limited alternative use, can be costly to maintain but are constrained in their potential for reconfiguration because of their historic significance.

- **A number of potential development sites** – The city council owns a number of potential development sites that are stalled in terms of development either because the council does not have the revenue resources to bring these forward for development (e.g. by the preparation of master plans) and/or because of the weak development market.
- **Partnership with the Homes and Community Agency (HCA)** – The Council was one of the first authorities to enter into a development partnership with the HCA to bring together development skills and funding of the HCA with development sites owned by the City Council. This partnership has already delivered funds for regeneration projects in the city, 100 social rented dwellings on small sites across the site, and an agreement for the phased development of over 1000 homes and associated community facilities on council owned land at Bowthorpe Threescore. The partnership is a long term arrangement that offers the opportunity for innovative solutions to the funding and

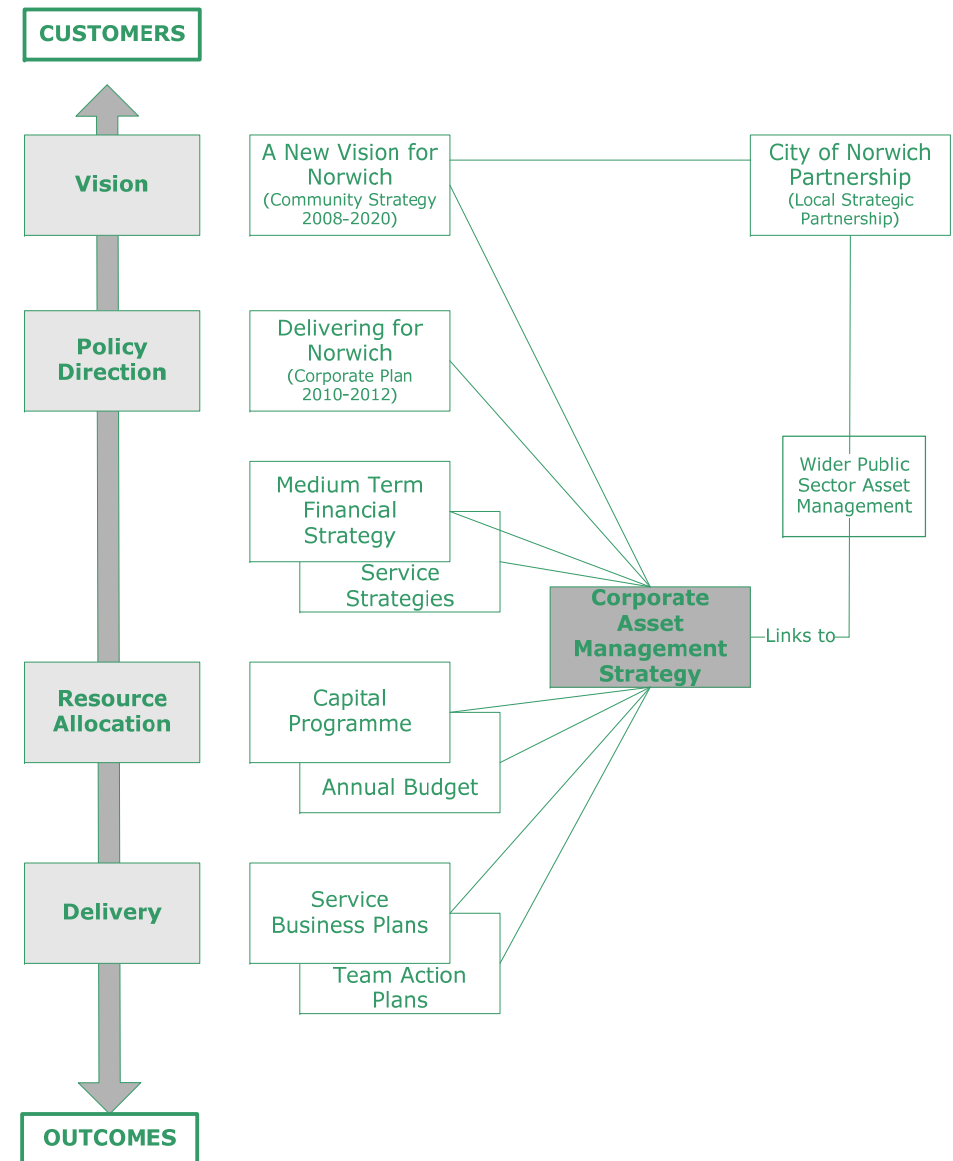
delivery of regeneration projects of council owned assets and the public realm.

- **Community Infrastructure Levy (CIL)** – Along with Broadland and South Norfolk District Councils the City Council has adopted a Joint Core Strategy to guide the delivery of new homes and jobs in the greater Norwich area over the period to 2026 and beyond. As part of the strategy it is proposed that the three councils will adopt a CIL for new development and that this will bring forward a significant level of developer funding that can be used to support the renewal, development and enhancement of community assets including corporate property. If agreed CIL funding will start to emerge from 2012 onwards.
- **Profile & Understanding of Asset Management** – The council's capacity and expertise in property management lacks resilience and depth. As a consequence there is a tendency for a focus on operational matters at the expense of strategic considerations. This lack of strategic focus is compounded by a lack of awareness of the role and nature

of asset management across the council at large. This issue of asserting a more strategic approach to the management of the portfolio has been recognised and is being addressed, in part through this strategy.

Policy Framework & Asset Management Strategy:

The following diagram illustrates how the corporate asset management strategy relates to the current Policy Framework of the Council. Some of the strategic partnerships are under review but, from an asset management perspective, there is a growing recognition of the need for all public bodies in an area to work together to maximise the benefit of the public portfolio. The diagram highlights how the Council needs to work in partnership with other public sector organisations in the City to ensure that assets are used to deliver the overall vision to make Norwich a world-class city in which to live, work, learn and visit



The Overall Direction

The strategic outlook for the council and the area is shaped by 3 over-arching themes. These are:-

- **Responding to Resource pressures** – The council is entering an era of financial constraint: and is responding to this budget pressure in four broad directions.
 - Internally – the council is seeking to streamline internal processes and down-size the organisation. In the future the council will be leaner, is likely to have less staff, and will have fewer requirements for office accommodation.
 - Maximisation of Income – the council is seeking to maximise income and this includes improving the financial performance of the investment portfolio.
 - Cost minimisation – the council is seeking to improve the financial performance of the whole portfolio.
 - Externally – the council is seeking to collaborate with neighbouring councils, central government or partner organisations to secure economies of scale in the use of assets.
- **Economic Prosperity** – There is a continuing challenge to promote economic prosperity in the area and reduce inequalities with job creation a key imperative. A key issue is the extent to which the physical distribution of council assets, their management and redevelopment can support this regeneration objective and in particular contribute to both city centre and neighbourhood vibrancy. The council has an extensive portfolio of industrial and commercial property and this is managed as part of the investment portfolio. In this context the council needs to determine where and what type of assets it may require in the future to support job creation and local regeneration.
- **Community Empowerment** – The council has a long track record of supporting local communities and this is reflected in the commitment to continue to develop, manage and deliver services at a neighbourhood level. There is a strong

aspiration to retain this ethos as a major stimulus to sustaining community vibrancy and regeneration. As part of this approach the role of community management and/or ownership of council assets will need to be assessed.

There is a potential tension between the need to secure efficiency savings and the aspiration to promote regeneration as, in the future with less property, the council may not be able to sustain the number and range of assets across all communities. The policy and resource environment and the asset management challenges identified imply a strategic direction which is focussed on using asset management as **a catalyst for transformation in public services** but also **optimising its contribution to the council's revenue budget**. Asset management needs to:-

- Optimise the portfolio through an asset challenge process which seeks to categorise assets whether to 'retain' or 'release'. This rationalisation of the portfolio should where possible be undertaken on a multiagency, area basis to allow for the widest considerations of opportunities.

- Adopt a robust process for allocating scarce capital so that investment is directed to supporting the council's priorities and to assets which will maximise the contribution to the revenue budget

Over time this should support a change in the size and nature of portfolio to one which:

- Has less property;
- Has more welcoming and flexible accommodation;
- Blends public and commercial use; and
- Increases options for reductions in net property operating costs.

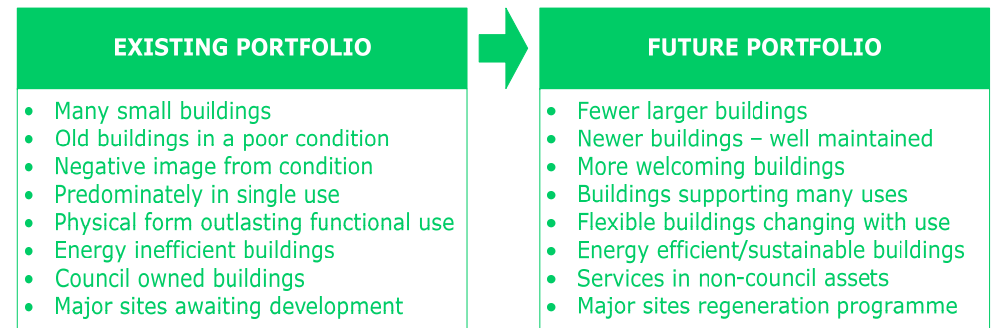
Asset management in the future needs to focus on:-

- Maximising income generation
- Reducing the size of the portfolio and changing the portfolio mix
- Challenging asset performance (in terms of need, utilisation and cost)
- Promoting asset sharing with other organisations

- Renewing the portfolio to create, more flexible multi-use facilities (where funding allows)
- Investigating alternative options for service delivery which do not require direct property ownership
- Investigating innovative mechanisms (such as public private partnerships) for owning and managing property assets
- 'Making it happen' by providing the dedicated project management capacity for major initiatives.

The likelihood is that the council's portfolio in the future will have less property. The property that is retained will need to be more effectively used or have potential to generate income. Accommodation will need to be more welcoming and have flexibility to support more than one use. There may be potential to blend public and private space within buildings and to share accommodation with other agencies as a way of supporting improved service access. It may be timely to articulate a spatial asset strategy which defines where the council needs to be and what facilities are required. Finally, there maybe a need to promote capacity in the community at large, to manage some properties on a self-help basis.

The nature existing and of the future portfolio is summarised in the following diagram.



Key Themes

This direction for asset management can be articulated under 6 related themes. These are:-

- **Optimising the portfolio** – The existing portfolio is a legacy of piecemeal decision making over a period of time. Whilst it has been subject to review there may be a legacy of value to be released or further opportunities to increase income/reduce costs. Such a review needs to concentrate on aligning the portfolio to future needs of the council plus

provide a challenge at an individual asset level over whether to 'retain' or 'release'. In an era of constrained budgets the council will need to review how and where it provides services. The review needs to proceed on the basis of a 'robust challenge' to the need and performance of individual assets set within the context provided by specific service strategies. It needs where possible to be undertaken on a multi-agency basis so that potential for shared asset use are considered. Part of the review process should in the context of the operational portfolio's defined revised spatial asset strategy (i.e. where the council needs to be for service provision). Finally such a review process needs to proceed quickly to full categorisation of the whole portfolio so that opportunities for rationalisation can be also exploited quickly.

- ***Rationalise investment in the portfolio*** – Given the financial pressures identified above, scarce capital investment needs to be directed towards supporting income generation or cost reduction and aligned to different segments of the portfolio. A simple framework needs to be developed and applied to the portfolio to ensure scarce capital is well directed to those

assets that are identified to be retained as a consequence of the review process.

- ***Rationalise Office Accommodation*** – The council is responding to financial pressures through the 'Target Operating Model'. This model assumes that City Hall will be retained as the headquarters with the delivery of services at a neighbourhood level. As the council transforms it will have less staff and with more efficient use of existing accommodation through better space utilisation and flexible working will it will have a need for less office space in the future. This will allow the release of space which can be disposed of to provide revenue savings or re-let to secure an income stream for the council.
- ***Developing Asset Management practice*** – The review of asset management undertaken by PricewaterhouseCoopers identified several areas of improvement including the quality (completeness, currency & accuracy) of the council's property information and developing a robust performance framework. Portfolio knowledge is important to underpin

effective decision making on property matters with the quality of decision making dependant on the quality of information. There may be in addition some value in drawing together a range of property policies and procedures into a single document.

- ***Scope to work with the Private sector*** – Some local authorities have adopted a radical approach to the management and development of their portfolio and have established Joint Ventures (JV) or Asset Backed Vehicles with the private sector as a means of leveraging-in additional funding. This is not dissimilar to the arrangement with the HCA but the models vary and generally the public sector and partner each contribute equity, in the case of the public sector to a maximum of 50% and usually in the form of property assets. The JV undertake necessary activities (such as obtaining planning permissions, design, redevelopment and subsequent sale or letting of property) with the public and private sector partners sharing 'profit' on the basis of their equity stake.

A characteristic of Public Private Partnerships is their focus on specific outcomes and objectives and the selection of a partner with commercial expertise. In view of the complex nature of the Council's portfolio the immediate relationship with the private sector will be on individual assets rather than the whole portfolio. This relationship will be of particular relevance to the development of major sites.

- ***Promoting sustainability through Property*** – The council has a strong commitment to sustainability with a target to reduce its carbon dioxide emissions from its buildings and to be carbon neutral in the long term. To do this the council needs to occupy less space and occupy efficient buildings. Building Regulations will ensure sustainability in new buildings and so it is existing buildings that need to be the focus of action. Inefficient buildings need to be targeted for release or remedial action and the profile of sustainability needs to be raised with managers and building users across the council. At the same time the Council will need to respond to government initiatives to reduce the carbon footprint of the portfolio.

Making it Happen: a framework for action

Looking forward, a number of actions are required to respond to the challenges identified above. An overall plan is presented on page 20. The resource implications and timing of these actions are not identified in detail. Given resource constraints the council will need to determine the relative priority of each action, the risk of not undertaking it (or value foregone) and the potential scale of benefits which are to be delivered.

A simple notation has been adopted to identify the relative priority (High / Medium / Low) based on the balance of risk and reward to the council. It should be noted that the identified actions are over and above day to day asset management activities.

Theme	Priority	Action	Completed	In Progress	Intended
Optimise the portfolio	High	Develop asset challenge process	✓		
	High	Categorise assets through challenge (as release or retain)			✓
	Medium	Review investment portfolio		✓	
Prioritise investment in the portfolio	Medium	Developing a framework for determining investment priorities			✓
	Medium	Allocate funding at an individual asset level			✓
Rationalise office accommodation	High	Develop strategy for rationalisation of office portfolio	✓		
	High	Implement agreed office strategy			✓
Develop asset management practice	Medium	Audit property information & review potential for single system			✓
	Medium	Develop / adopt a 'performance scorecard' for the portfolio		✓	
	Low	Collate property policies & procedures into a single document			✓
	Medium	Develop maintenance strategy for the portfolio			✓
	Low	Develop strategy for asset management with local partners			✓
Investigate potential for a PPP	low	Develop outline concept for a PPP model			✓
	low	Investigate market interest for a joint venture initiative			✓
Sustainability through Property	Low	Assess properties for the potential for micro-energy generation		✓	
	Medium	Improved insulation and heating systems			✓

Asset Review

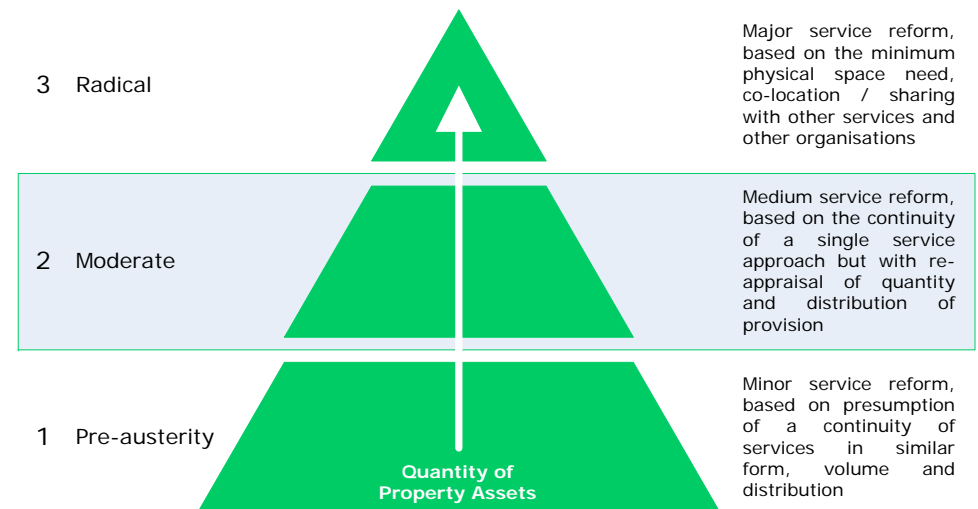
The council has a well documented review process which is intended to ensure that each property is formally reviewed at least every five years; or earlier against pre-defined triggers (such as an extended void period or fall in rental income for investment properties). The review process has only recently been established and it will take several years for all assets to be reviewed.

The review methodology identifies the data required at an individual property level to evaluate their overall performance and to make a judgement about required management action. The review needs to consider all assets but recognise the specific type of assets that comprise the portfolio. These include investment assets; operational assets (used to support service delivery); administrative assets (offices); and heritage/stewardship assets. There may also need to be pragmatic recognition that the review and categorisation may need to proceed on the basis of less than perfect data.

Asset Categorisation

The approach to asset categorisation needs to be set within the context provided by the future direction of corporate and service

strategies. These may be subject to change as the council responds to the new operating environment presented by the Comprehensive Spending Review and its Target Operating Model. With the financial pressures faced by the council the review process may need to be one which is more challenging and that errs on the side of major service reform. Categorisation could therefore be determined by a 'moderate' view as defined in a 3 tier approach to asset rationalisation as illustrated below; although in some cases (e.g. offices) a 'radical' view may be appropriate.



Each asset needs to be subject to review and using the challenge methodology categorised as 'retain' or 'release'. The assets to be retained are those which are in a reasonable condition, fit for purpose and likely to be required to meet future corporate or service needs of the council, including those which provide a sustainable financial return;

Retain	Continued Maintenance	The building is required, in reasonable condition in a good location, suitable for its existing use and with limited alternative use value. Emphasis is on preventative maintenance.
	Better Utilisation	Building is needed, well located, in good condition and with limited alternative use value but is not performing well in terms of its utilisation. Action should be on intensifying use including shared use with other agencies
	Major Investment	Building is required for the service and is well located but is not on a good condition or not fit for purpose. Costs of replacement are high and so emphasis should be to refurbish

Those property assets identified for 'release' are poor performing assets or which are unfit for existing use, in a poor condition or unlikely to be needed in the future:

Release	Short-term Development Opportunity	The building is not suitable for its current use or is in a poor condition or not well located but represents a development opportunity in the short term or a capital receipt from disposal. These include 'quick wins' previously identified.
	Medium-term Development Opportunity	The Council owns a number of redundant or underutilised sites that are suitable for redevelopment. To bring them forward for development will require a planning development framework for the site and could require site assembly or partnership with adjoining owners.
	Long-term Development Opportunity	As above but the building's development potential is in longer rather than short-term. Focus may therefore be on continued use in the short term pending release.
	Re-provide	The service has a need for a building but the current one is either not fit for purpose, poorly located or in a poor condition. The current property should be released and alternative property provided.
	Consider for Asset Transfer	The asset provides an indirect benefit to the community and is consistent with council's policy on Community Asset Transfer.

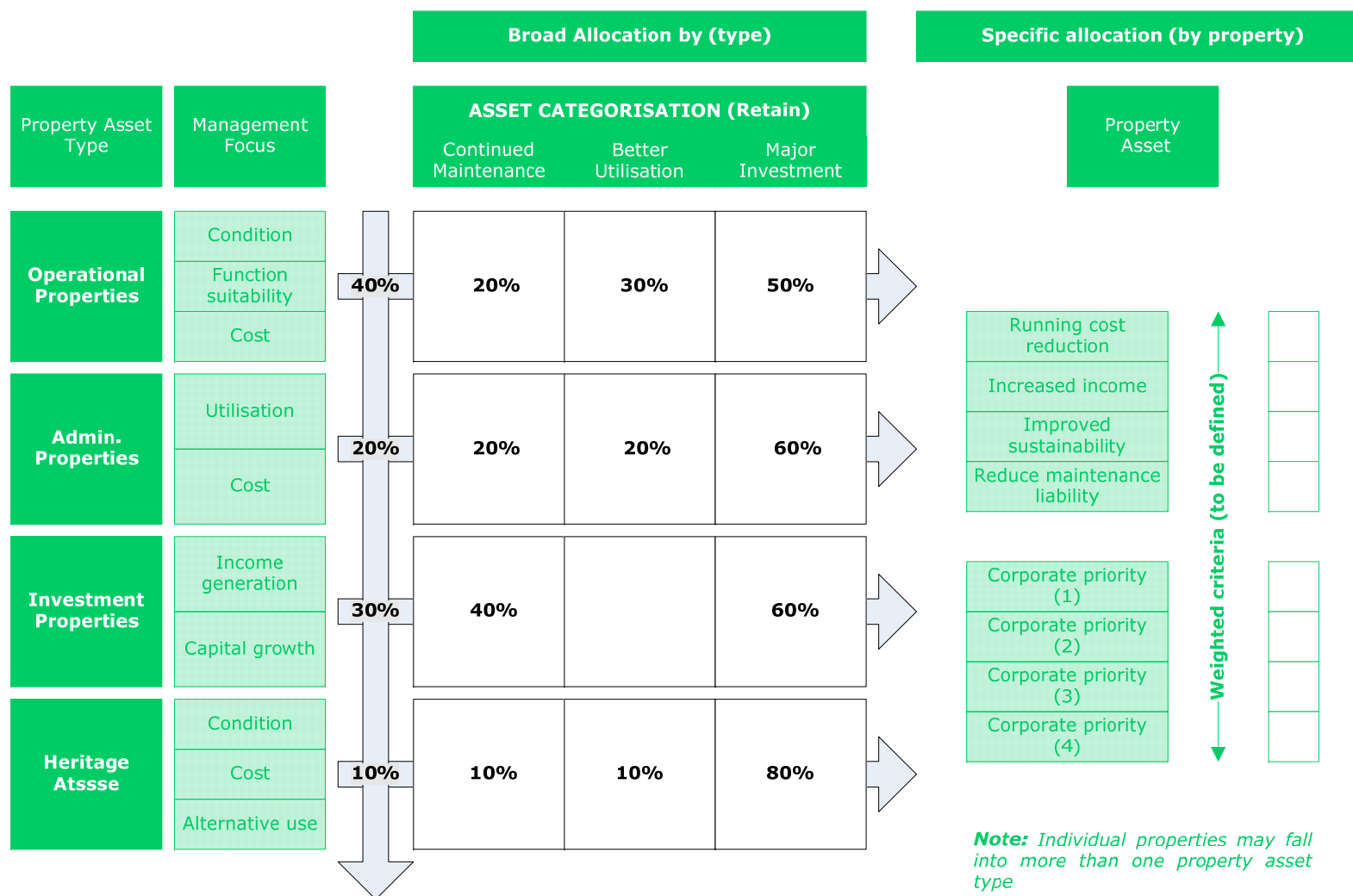
Asset investment

The council has limited funds and it is important that scarce capital is allocated to optimise benefits to the council. With a scarcity of funds there needs to be a clear mechanism to prioritise funding. The council's medium term financial strategy identifies developer contributions, income from the HCA partnership and capital from the disposal of assets, amongst others, as potential sources of funding available. Although the level of funds available from these sources will vary over time the outlook is that demand for capital investment will exceed the level of funds available and resource allocation will seek to balance policy priority alongside specific and often immediate needs.

The investment strategy needs to reflect the different funding streams and recognise that a balance of spend may be required across different types of assets (investment, operational, administrative and heritage). A two step approach is recommended which balances a broad allocation across asset types plus a more specific allocation against individual assets. An embryonic approach is illustrated in the diagram overleaf.

- Overall allocation of funding according to broad asset types for the 'retained' portfolio. This recognises the need that all asset types will have some investment demands.
- Specific allocations at an individual property level according to criteria which determine how the investment best contributes to council's objectives and supports the revenue budget.

The Council will need to determine the broad allocation of resources across asset types. At present the investment strategy for the repair and maintenance of assets is almost entirely reactive with limited planned maintenance. The framework on the next page provides a mechanism to establish a more rigorous and systematic basis for investment and further work is required to ensure that this approach is embedded in the process of capital resource allocation. It perhaps represents an 'ideal' situation where capital resources are not constrained; it does however provide an approach which can be adopted should available capital resources exceed the current position which determines that resources are essentially directed to immediate health & safety needs.



The Size & Nature of the Portfolio

The council has a diverse property estate spread throughout its administrative area. The bulk of the estate by area is operational property used for direct delivery of services for which the council has a statutory or discretionary responsibility. It is predominantly freehold. However there is also a significant investment portfolio which makes an important contribution to the council's revenue budget. The broad dimensions of the portfolio are:

- The portfolio comprises 1091 properties
- worth £193.692M in terms of book value
- Incurs running costs of £6.283M per annum
- Has a repair backlog and statutory obligations requiring an investment of £10.06M to address

Property Costs, Value & Income

There is a recurring cost borne from the revenue budget to own and occupy property. Assuming the portfolio is 'fit for purpose' and in a reasonable state of repair the objective should be to minimise this expenditure in order to release revenue for service priorities. The quality of data concerning property running costs, income etc is an

area that requires refinement and this requirement will be reflected in the service improvement plan. As well as providing accommodation from which to deliver services, the operational property portfolio can also be considered as a 'productive asset' which is capable of releasing value (from disposals) or generating income (from lettings). Although not its primary purpose, this can make a valuable offsetting contribution to capital projects or operating costs. The asset value of the portfolio is £193.7M of which £56.5M is the investment portfolio. This is a 'notional value' for capital accounting purpose reported through the annual statement of the accounts. It does not necessarily represent the achievable market value of the portfolio. The investment portfolio (including the airport industrial estate and provision market) provides a rental income of £3.438m per annum and any variation on this income base will have significant resource implications for the Council.

Age & Condition of the Portfolio

It is important to survey and record the condition of the building stock in order to be aware of health and safety issues in the portfolio, developing risks and liabilities to the council and the

investment needs associated with ensuring buildings are in a reasonable state of repair as required by the council to meet its service delivery obligations and statutory requirements. A high level review estimated the backlog of repairs in the portfolio is £10.06M of which £6.47M (64.3%) are urgent or essential. It is recognised that this is not based on comprehensive condition survey data and is likely to be an underestimate.

The relationship between the relative levels of expenditure on reactive and preventative maintenance provides an indication of the effectiveness of an organisation's overall maintenance strategy. Annual expenditure predominantly on planned maintenance with a stable or reducing backlog trend is indicative of a well maintained portfolio, whereas a high proportion of spend on reactive maintenance suggests an inadequate budget and maintenance strategy. Currently there is recognition that the council's maintenance spend is directed more toward reactive than planned maintenance; although the data to provide an accurate planned/reactive ratio of spend which would confirm this is not readily available.

The Portfolio's 'Fitness for Purpose'

Assets need to be suitable ('fit for purpose') in order to support service delivery. A building of the wrong type and/or in the wrong location can be a major inhibitor to effective service provision. It is important therefore to periodically review the suitability of buildings to see if they are having a beneficial or detrimental effect on services. The portfolio's fitness for purpose has been assessed as part of a wider review of the need for and performance of property assets.

Statutory Compliance

Ensuring the portfolio conforms with statutory obligations is a high priority of the council. Failure to do so may expose council staff and clients to health and safety risks or expose the council to financial penalties. The statutory obligations for the portfolio and related professional services are varied and subject to continued revision and therefore need to be monitored closely. The two key factors are:

- DDA - Detailed DDA audits have been carried out on all properties within the portfolio. A rolling programme of works to bring buildings into DDA compliance is in place.
- Asbestos - Asbestos surveys have been completed for all properties where it is the council's responsibility and a comprehensive asset register produced. Asbestos has either been removed or is inspected on an annual basis.

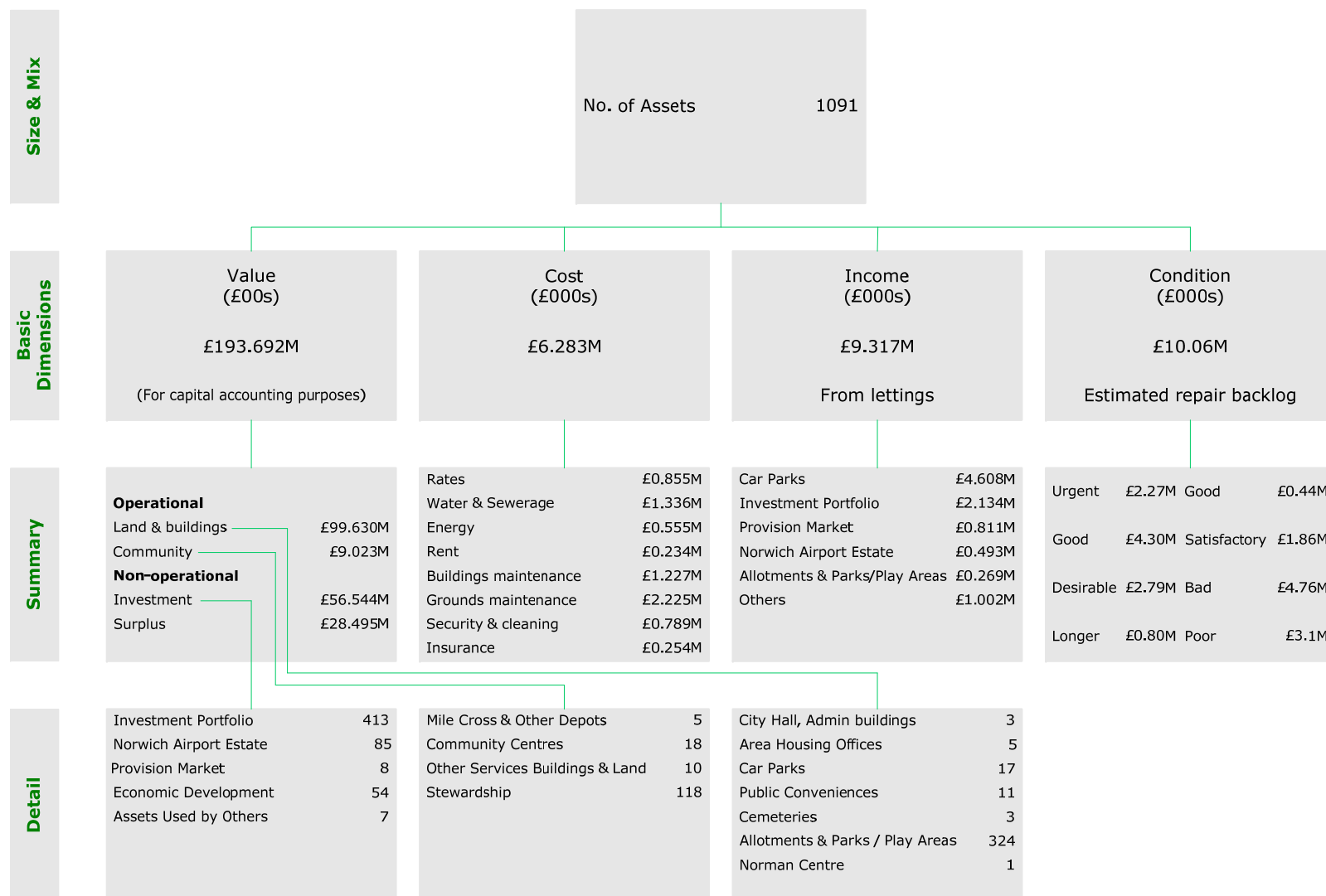
Sustainability

With the advent of carbon trading there is an imperative that the council reduces its carbon dioxide emissions by promoting sustainability through its property. The new carbon trading regulatory environment effectively acts as 'tax' on carbon use and so it is important for the council to reduce its carbon footprint. The number, type and location of buildings as well as use of energy within buildings can help to reduce the council's carbon footprint and act as an exemplar to other organisations to do the same. The council has 3 buildings which are over 1000M² and deemed open to the public and which therefore need to display a Display Energy Certificate (DEC). The DEC rating for these is shown below (with A being the most energy efficient).

DEC Rating for Buildings over 1,000M ²						
A	B	C	D	E	F	G
		1	2			

Quantifying the Portfolio

The table overleaf provides a summary of the city council's property portfolio. This is intended to give broad dimensions of the portfolio as an aid to understanding this strategy. The figures are indicative and should be read with a degree of caution as they are based on a range of data sources and from different time periods. They should not therefore be taken as a definitive statement of the portfolio.



Note: These figures are indicative figures only as they draw on a range of data sources from different time periods. They should not be taken as a definitive statement but are intended to indicate the broad dimensions of the portfolio. All financial figures are in £000s

Resource Implications

As part of the implementation plan it will be necessary to establish the resource implications of implementing the strategy. However it needs to be recognised that some of the specific actions identified through the strategy will require additional resources, in terms of both funding and staff. Any investment will need to be directed so as to optimise value and fundamental to this is a transparent mechanism to prioritise the allocation of funding to ensure value for money. The Council's Capital Strategy defines the process that will be adopted and all investment in the portfolio should be determined on this basis. Capital prioritisation will need to be aligned to the investment needs of the council's core property assets which will be retained in the future; and overall maintenance needs. It will take time to address the legacy of underinvestment in maintenance and final investment decisions on individual projects will be based on a full business case.

Risks and Constraints

Progress in implementing the strategy is likely to be influenced by a number of factors. The main ones are identified below:-

- Capacity and expertise – The council will need a specific organisational focus in order to implement some of the identified actions. This includes, for example, a dedicated project management capacity to manage the office rationalisation project.
- Organisational resilience – the lack of robust organisational resilience may be a risk to the implementation of the strategy with a scarcity of skills in some areas including master planning (from a property perspective) associated with the redevelopment of major sites.
- Lead Member and Senior Officer Commitment – There will be a need for strong corporate leadership in order to sustain the momentum of implementation of the strategy over time.
- Changing Service Delivery Models – The council is undergoing a major reform in how it is organised and works with potential far reaching implications for models of service delivery. Whilst this strategy has attempted to reflect likely

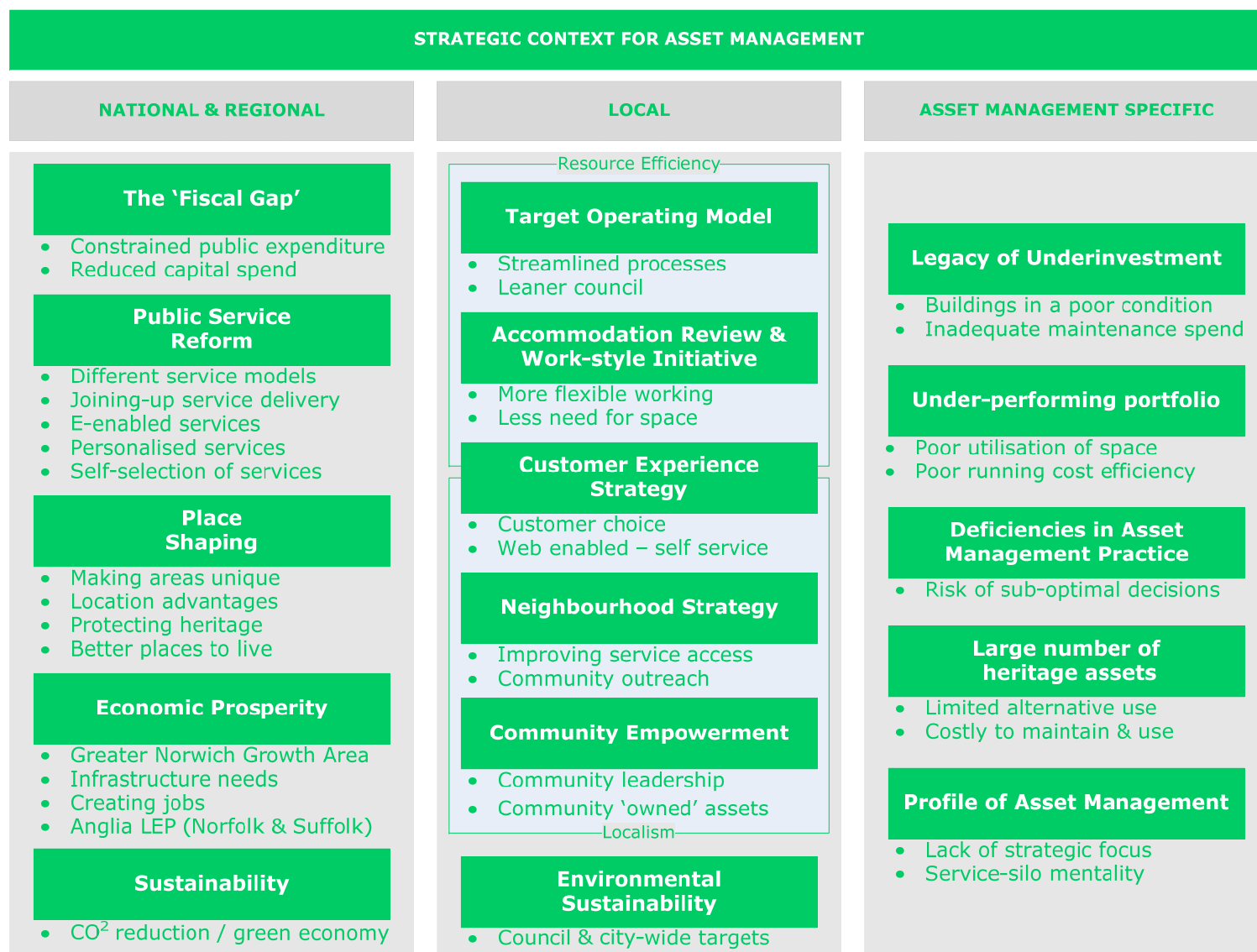
changes (and their asset implications) it needs to be recognised that corporate and service strategies are not yet clearly defined and may change. As a consequence it is important to review the asset management strategy alongside any changes to the councils operating model and core priorities.

Measuring Progress

The long-term and multi-faceted nature of property as a resource means it is difficult to measure portfolio performance through a single, simple performance measure. Property can be considered from a variety of perspectives (physical, financial, legal and functional) and all these aspects need to be considered in developing a performance measurement framework. Best Practice in asset management recommends that the adoption of national performance measures where these are available plus the development of local indicators to meet specific local priorities. The council accepts this approach but with a pragmatic recognition that with its limited resources and capacity progress developing and reporting on property performance can only be undertaken on an incremental basis.

The council has adopted a simple portfolio level performance 'scorecard' which concentrates on a small number of indicators chosen to provide a rounded perspective of the portfolio. This scorecard, shown on the next page, will be developed with indicators and targets agreed through the Council's Asset Management Group. The scorecard includes both 'process' and 'outcome' type indicators. It is recognised that not all the information required to complete the scorecard is immediately available. However it does provide a framework for the development of a performance led approach to the management of portfolio. The scorecard given below is provided as an example of the approach and specific indicators and targets will be identified over time.

Asset Management Theme		Property Performance Indicators (O = Outcome Indicators / P= Process Indicators)		Trend Data			Targets		Change
				2007/08	2008/09	2009/10	Norwich	National 'Norms'	△ □ ▽
PHYSICAL	Age	O	% of buildings over 20 years old						
	Condition	O	Overall backlog as a % of net annual spend						
		O	Urgent & essential repairs as % of backlog						
		P	Ratio of planned/reactive maintenance spend						
		P	% buildings conditioned survey in last 5 years			2%		70/30 100%	
FINANCIAL	Cost & Income	O	Property running costs as % of council spend					8%	
		O	Running costs per FTE (Offices only)						
		O	Income as a % net council spend						
		O	Rate of return (Commercial portfolio only)						
FUNCTIONAL (USE)	Capacity & Utilisation	O	Office space as % of total portfolio						
		O	Floor-space per work-station (Offices only)					10.0 7:10	
		O	Workstation to FTE ratio (Offices only)						
	Suitability	P	% of buildings assessed in last 5 years					100%	
		O	% of buildings assessed as 'fit for purpose'						
LEGAL	Statutory compliance	P	% of buildings with asbestos survey						
		P	% of buildings with a completed access audit						
	Sustainability	O	CO2 emissions in tonnes per annum						
		O	% buildings (open to public) with a DEC A-D						



STRATEGIC RESPONSE THROUGH ASSET MANAGEMENT		
DIRECTION	THEMES	ACTIONS
<ul style="list-style-type: none"> Using property as a catalyst for service transformation Review portfolio to rationalise (retain or release) Adopt a robust process for allocating capital spend 	Optimising the Portfolio	<ul style="list-style-type: none"> Develop asset challenge methodology Categorise assets through challenge process (as retain or release) Define spatial asset strategy Explore potential for shared asset use Review investment portfolio to sustain income & increase value
	Prioritising investment in the portfolio	<ul style="list-style-type: none"> Develop a framework for determining investment priorities Allocate investment funding at individual asset level over medium term
	Rationalising Office Accommodation	<ul style="list-style-type: none"> Develop strategy for rationalisation of office portfolio Implement office strategy (step by approved step)
	Developing asset management practice	<ul style="list-style-type: none"> Audit of property information & review potential for a single system Develop / adopt a performance 'scorecard' for the portfolio Collate property policies & procedures into a single document Develop maintenance strategy for the portfolio Develop strategy for asset management with local partners
	Investigating innovative delivery mechanisms	<ul style="list-style-type: none"> Develop outline concept for a LABV model (scope, objectives & potential sites) Investigate market interest in joint venture initiative
	Promoting sustainability through property	<ul style="list-style-type: none"> Assess properties for the potential for micro-energy generation

CORPORATE ASSET MANAGEMENT STRATEGY

APPENDIX 1 PROGRESS IN ASSET MANAGEMENT PRACTICE

Roles & Responsibilities			Current corporate asset management plan			2	<div></div>	Running cost performance known			2	<div></div>	Statement of data needs & priorities			2	<div></div>							
The council has a designated corporate property function			1	2	<div></div>	Corporate AMP linked to corporate objectives			2	<div></div>	Statutory obligations met			2	<div></div>	Processes to ensure data quality			2	<div></div>				
There is Corporate Property Officer with defined responsibilities			2			<div></div>	Asset management integrated with service planning			2	<div></div>	Targets set for running costs			2	<div></div>	Organisational focus for data management			2	<div></div>			
Corporate Property Officer reports to a strategic committee			2			<div></div>	Key areas for change (in the portfolio) defined			2	<div></div>	Suitability of buildings assessed			2	<div></div>	Non-core data available (cost, suitability etc.)			1	2	<div></div>		
Cross-service forum established on property matters			2			<div></div>	Commercial portfolio needs identified			2	<div></div>	Satisfaction with buildings measured			2	<div></div>	Information easily available to users			2	<div></div>			
Property occupiers / users role defined			2			<div></div>	Capital Programme Management			Review of Need, Utilisation & Cost			Property IT systems Periodically reviewed			2	<div></div>							
Group to oversee development of AM practice & AMP			2			<div></div>							3 – 5 Profile of capital receipts			2	<div></div>	Performance Management						
Cabinet member lead on property matters			1			2							<div></div>	Systematic review programme			2				<div></div>			
Decision Making & Consultation			Option appraisal / prioritisation / whole life costings			1	2	<div></div>	Criteria to challenge retention			1	2	<div></div>	Reporting on national performance indicators			1	2	<div></div>				
			Outcome targets for capital spend			2			<div></div>	Incentives to release property			2	<div></div>	Portfolio performance reported to members			2		<div></div>				
			Processes for identifying projects			1			2	<div></div>	Identification of under-utilisation			1	2	<div></div>	pPis related to defined property objectives			1	2	<div></div>		
			Projects assessed using an agreed methodology			1			2	<div></div>	Specific organisational focus on property review			1	2	<div></div>	Agreed targets for pPis			1	2	<div></div>		
			Authority-wide group to oversee programme			2			<div></div>	Disposal processes monitored			2	<div></div>	Comparisons made with others			2		<div></div>				
Views of service users & occupiers sought			2			<div></div>	Process for post-project evaluation			2			<div></div>	Local pPis in place			2		<div></div>					
Public consultation on property matters			2			<div></div>	Projects completed on time & to budget			1	2	<div></div>	Shared use of buildings promoted			1	2	<div></div>	Improvement plan (informed by performance data)			1	2	<div></div>
Full member reporting			2			<div></div>	Managing Properties in Use			Data Management			Framework for assessing action in the portfolio			1	2	<div></div>	Partnership Working					
Identifying Property Needs			Maintenance backlog known & reported to members			1							2	<div></div>	Inventory & core data available			1				2	<div></div>	
			Defined aims & objectives for asset management			2							<div></div>	Periodic assessment of building condition			1	2	<div></div>	Integrated approach to assets with other agencies			1	2
Strategic vision and goals			2			<div></div>	Maintenance spend prioritised			2			<div></div>	Policy on community asset transfer			2		<div></div>					

[1] Audit Commission Key Lines of Enquiry under CPA / CAA

[2] Wider Asset Management 'Best Practice' (RICS, DCLG & Practitioner Associations)

'Best Practice' Requirements	Progress to date	Intended Further Action
Roles & Responsibilities		
The council has a designated corporate property function	The council's property function is under review in terms of leadership, capacity & expertise and its current arrangements are transitional. The asset management team are receiving strategic management support from NPS.	The review outcomes will be considered in early 2011 with recommendations taken forward as appropriate
There is a Corporate Property Officer with defined responsibilities	The Director Regeneration & Development is responsible for the corporate property service and there is delegation for specific decisions to the Head of Development Services and the Property Services Manager.	As above
Corporate Property Officer reports to a strategic committee	The property function (through the CPO) reports through to the Asset Management Board & also to the Corporate Leadership Team , Member Committees and Cabinet as appropriate	The reporting lines for the property function will need to be retained or re-defined as the council undergoes the organisational changes identified above.
Cross-service forum established on property matters	The council has established an Asset Management Board with senior officer and member representation. This has a responsibility for developing the council's asset management capacity and reports through to the City	

Council's Cabinet.

Property occupiers / users role defined

Whilst the role of property occupiers (services or external tenants) is generally understood these have not been explicitly defined and documented

There may be some benefit in documenting the respective roles of Property function, service department occupiers, premises managers (where these exist) across a range of broad themes (e.g. Security, health & safety, building maintenance etc.)

Group to oversee development of asset management practice & AMP

The council has established an Asset Management Board comprising the Portfolio Holder, Director of Regeneration & Development plus senior officers to oversee the development of asset management practice

Cabinet member lead on property matters

The Portfolio Holder takes a lead role on asset management matters and takes an active involvement through participation on the Asset Management Board, Capital programme Board and through other strategic property related initiatives (such as the Accommodation Strategy)

'Best Practice' Requirements	Progress to date	Intended Further Action
Decision Making & Consultation		
Clearly defined processes for decision making on all property matters	Processes for decision making on property matters are being developed and client responsibility will need to be explicitly defined in all cases.	There would be merit in documenting property procedures across key activities into a 'procedures manual'
Consultation processes on the AMP	This asset management strategy has been developed through consultation with senior corporate and service managers. The strategy reflects a collaborative view of the policy and resource context and the strategic direction for asset management.	The consultation processes need to be extended through to the implementation of the strategy and its subsequent update. There will be member engagement on the strategy and this could be extended to interested stakeholders.
Views of services, users & occupiers sought	As above the asset management strategy has been developed through consultation with senior and corporate officers. Although no direct consultation has been undertaken with service users as part of the process of developing the strategy, their views have been collected indirectly through views of service managers (and service's own consultation processes)	As above
Public consultation on property matters	There is no direct public consultation on general asset management matters, but public forums on major site	As above

specific proposals or projects. The AMP reflects consultation undertaken by the City Council as a whole and for individual service areas.

Full member reporting

There is full member reporting on all property matters in line with the council's constitution and levels of delegated authority.

Processes need to continue as now

'Best Practice' Requirements

Progress to date

Intended Further Action

Identifying Property Needs

Defined aims & objectives for asset management

This asset management strategy defines explicitly the council's 'high-level' on-going management objectives for its property portfolio. These were generally understood across the organisation but have been restated through the strategy in order to provide further clarity.

It is the translation of these objectives into specific actions that will ensure effective asset management.

Strategic vision and goals

This document provides a long term vision for the management of the council's property portfolio and articulated a set of on-going management objectives.

The overall vision needs to be kept under review and updated from time to time.

Current Corporate Asset Management Plan

This document provides an updated Corporate AMP for the council and sets a broad direction for asset management in over the medium term.

The AMP will need to be kept under review and refreshed periodically.

Corporate AMP linked to corporate objectives	The Corporate AMP provides an analysis of the strategic operating environment for asset management and sets a broad direction in response to this and the council's key corporate priorities.	As above
Asset management integrated with service planning	As above the Corporate AMP reflects key service priorities and responds to these.	As above
Key areas for change (in the portfolio) defined	The key areas for change in the portfolio and its associated management as defined through the Corporate AMP; although specific property assets are not necessarily identified.	As above
Commercial portfolio needs identified	There is a requirement to identify an investment plan for the commercial portfolio that balances the need to retain and maximise income, off-set liabilities together with the disposal of underperforming assets.	This strategy will provide a framework for the development of the investment plan.

'Best Practice' Requirements	Progress to date	Intended Further Action
Capital Programme Management		
Option appraisal / prioritisation / whole life costing	Current arrangements require further development.	
Outcome targets for capital spend	This is management by the capital programme board who monitor expenditure against target.	
Process for identifying projects	The council is developing a needs based assessment for capital investment.	
Projects assessed using an agreed methodology	The council is developing a needs based assessment for capital investment.	
Authority-wide group to oversee programme	The council has a Capital Programme Board to oversee capital bids and the capital programme. This comprises senior officers and the Portfolio Holder.	The Board will review its remit and method of working as it proceeds and refine its approach as required.
Process for post-project evaluation	Post project evaluation is undertaken on large capital schemes (over £1 million) as part of project management processes with a fixed agenda. Post-project evaluation is not routinely undertaken on smaller schemes.	The development of a post-project evaluation methodology and checklist as part of a consolidated property procedures model.

Projects completed on time & to budget	There has been no systematic recording of project completion (time or budget) except on large projects. There are monitored through specific project boards and report to Capital Resources Board which oversees the council's capital programme	Project completion is to be adopted as a local performance indicator and reported on a regular basis through the Capital Resources Board
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'Best Practice' Requirements

Progress to date

Intended Further Action

Managing Properties in Use

Maintenance backlog known & reported to members	An estimate of the overall scale of backlog maintenance of the portfolio is known and has been reported to members. However this is informed from local building knowledge rather than from current, full condition surveys and therefore there is a degree of uncertainty over the precise quantification of the backlog.	The council recognises the need for a regular programme of condition surveys of the portfolio. However because of financial constraints a more pragmatic approach is adopted with surveys are undertaken on an as needs basis of when funding allows.
Periodic assessment of building condition	Funding constraints means that it is not possible to undertake condition surveys for the whole portfolio on the frequency that the council would like and in line with recommended 'best practice'	As above
Maintenance spend prioritised	A formal prioritisation scheme is applied to all works over £3,000 based on a risk assessment	The existing process works well and will be continued in the future

Running cost performance known	Each building in the portfolio is treated as a cost centre within the council's finance system for re-charging purposes. It is possible therefore to identify property running costs at an individual asset level.	Whilst running cost data is generally available to date this has not been widely used. It is anticipated that in the future the council will use running cost performance data as part of its property review processes and performance measurement.
Statutory obligations met	The council meets all its statutory obligations with respect to H & S; asbestos safety glazing, legionella & DDA compliance. Such statutory obligations are progressed as priority matters.	Continue current practice
Targets set for running costs	Energy efficiency and carbon emission targets are set for the portfolio as a whole but specific targets need to be set for property running costs at an individual property and whole portfolio level.	
Suitability of buildings assessed	Fitness for purpose assessments have not been undertaken recently for operational buildings other than as part of specific review or project work	
Satisfaction with buildings measured	Satisfaction with buildings is not measured directly through the property management function. However, satisfaction with buildings is measured indirectly through measurement of individual services.	No further action intended

'Best Practice' Requirements	Progress to date	Intended Further Action
Review of Need, Cost & Utilisation		
3 – 5 year profile of capital receipts	Projections of potential capital receipts are reported to the capital programme board and included in the annual budget statement.	Need to develop a more robust assessment of future capital receipts from various sources.
Systematic review programme	The council has a well documented review process but because of resource constraints this has not been applied in a systematic way.	Review of operational property in progress
Criteria to challenge retention	As above the council has a well documented process for property asset review and this identifies the information needed to underpin the review process.	
Incentives to release properties	The main incentive to release assets is financial either to create a capital resource or to off-set revenue expenditure in the short to medium term. Proposals for disposal are considered by the capital programme board and, where appropriate, Cabinet.	
Identification of under-utilisation	Under-use is identified as part of the property review process and through informal knowledge associated with	

the day to day management of individual buildings

Specific organisational focus on property review	The Council has established a robust framework for the assessment of assets and it is recognised that assets are a core component of service delivery and part of the transformational and savings agenda.
Disposals processes monitored	Disposals are monitored by the capital programme board.
Shared use of buildings promoted	There has been limited promotion of shared asset use but this is changing. The council recognises with increased pressure on budgets and changes in the wider policy environment to support collaborative working that greater consideration needs to be given to promoting shared use of buildings
Framework for assessing action in the portfolio	This is being developed as part of the asset management scorecard.

'Best Practice' Requirements	Progress to date	Intended Further Action
Data Management		
Inventory & core data available	The council has an asset register provided through a Uniform database plus other associated IT systems. These are integrated with a GIS system to show the spatial distribution of the council's ownership. Base data is held on all properties through these systems but with the number of systems there is some fragmentation of data.	Data base needs to be reviewed.
Statement of data needs & priorities	There is a good understanding of the data needs required for asset management although this has not been explicitly documented. There is a pragmatic approach to data collection with the speed and priority of collection constrained by available resources.	A 'road map' of data needs for asset management will be produced in order to provide a framework for determining data collection priorities
Processes to ensure data quality	As a consequence of resource constraints there are limited processes to check the quality of property data.	Existing arrangements need to be reviewed and enhanced where necessary and as resources allow.
Organisational focus for data management	There is a specific organisation focus for information within the asset management team.	
Non-core data available (cost, suitability etc.)	Non-core data such as running cost data, 'fitness for	

purpose' is not readily available – in part as a consequence of resource constraints.

Information easily available to users

The fragmented nature of the property information systems means that it is sometimes difficult to easily analyse property data.

Property IT systems periodically reviewed

The council is aware of deficiencies in its current property database.

'Best Practice' Requirements	Progress to date	Intended Further Action
Performance Management		
Reporting on national performance indicators	The council is aware of the NAPPMI indicators and collects data on some of these. The emerging asset management scorecard is used as a reporting document to the asset management board.	
Portfolio performance reported to members	The emerging asset management scorecard is used as a reporting document to the asset management board. However this is not a comprehensive report across the whole portfolio on performance measures. This corporate asset management strategy identifies an approach to performance measurement through the development of the portfolio 'performance scorecard'	To refine the portfolio performance scorecard in use with the selection and agreement on individual performance measures and targets.
pPIs related to defined property objectives	As above the 'performance scorecard' has been developed to track overall performance in the portfolio using a number of indicators to provide a rounded perspective of the portfolio.	
Agree targets for pPIs	As above with individual targets to be set through the Asset Management Board.	

Comparisons made with others	In the past the council was part of an East Anglia benchmarking club. More recently there has been limited comparative studies with other similar sized council	Consider the merits of joining a benchmarking club (such as ACES).
Local pPIs in place	The portfolio 'performance scorecard' within the corporate asset management strategy presents a set of local property performance indicators (pPIs)	
Performance plan (informed by performance data)	This strategy provides the framework for the development of an improvement plan and associated performance plan.	

'Best Practice' Requirements	Progress to date	Intended Further Action
Partnership Working		
Integrated approach to assets with other agencies	The emphasis to date has been on managing the council' own portfolio and capacity constraints have limited the ability of the council to proactively consider partnership working on asset management.	The council is increasingly embracing opportunities for collaborative asset management and asset sharing and regularly meets with other public sector agencies, including government departments, to consider asset management issues. The council has established an interim strategic property management arrangement with NPS and is considering the options for a longer term joint venture with NPS and other public sector partners.
Policy on community asset transfer	As yet there is no specific policy on community asset transfer	A policy is to be developed.

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Allotments	18	The Council has undertaken a comprehensive review of the allotment service. Currently there are 1627 allotments on 18 sites. The review identified that demands exceeds supply alongside under utilisation. In response the council has adopted a more proactive asset management approach to reduce underutilisation and where possible is subdividing larger vacant plots to help meet demand.	Provision will continue and subdivision of vacant and underutilised plots will help to increase supply. New provision will be limited but some scope exists as part of the major green filed development at Bowthorpe Three Score.
Car parks	15	The city council has 15 car parks in total (2 multi-storey). Queens Road surface car park is owned by the County Council but operated by the city council on a profit share basis. Car parks facilitate access to the city centre, generate income, support the Local Transport Strategy and support the local economy. The council car parks account for 20% of the total car parking provision in the city of 10,300 spaces. The car parks generate a significant revenue stream for the council. The St Andrews decked car park has some latent defects that are being addressed and the long term design life of the St Giles car park is a matter for review.	The Local Transport Strategy is set to reduce the number of car parks but not the overall number of spaces. This means that over time the council may seek to have fewer but larger car parks. There is an aspiration to develop a multi-storey car park on the existing Rose Lane site (or an adjoining site) but this is subject to funding. Decisions on the release or investment in car parks are considered on a case by case basis against an imperative to sustain the income stream that car parking provides to the council. Six sites have been identified as key sites for retention.

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Cemeteries	2	The council has two existing cemeteries which are well used and are important open areas in their respective locality...	The remaining life of the cemeteries needs to be assessed (with the Institute of Cemetery & Crematorium Managers). It is anticipated that this will identify a remaining life in excess of 10 years (with appropriate management). In the medium to longer term the council will have to consider the provision of a new site or directing to an alternative provider.
Community Centres	15	The council has 15 community centres and these are managed by local management committees under license or lease (two further centres are leased commercially to community organisations and whilst having a community benefit are restricted in their use). Community centres provide meeting rooms; low level sport, learning, recreational facilities and function rooms for local community groups. Some also provide outreach facilities in association with other service providers. The condition of the centres vary but most have a backlog of repairs and most investment is either funded from external grant or based on an assessment of urgency. Planned maintenance is limited.	There is a need to work with local management committees and other interested stakeholders to review the role and purpose of council owned community centres. This review will assess the fitness for purpose; consider alternative models of service delivery; and assess the assets relationship to other community facilities within the local neighbourhood.

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Depots		The Council owns Mile Cross depot which was vacated by City Care in April 2010. The currently facility provides temporary office accommodation for housing and car parking staff and parts of the site are let on short term basis. A review of the future use of this site but in the short term this is likely to be let as low value accommodation pending a review of the redevelopment potential.	Redevelopment of the site for the purposes agreed as part of the master planning process.
Offices	13	The office estate is predominantly freehold providing 'fixed' office facilities for most staff (i.e. a specific desk in a specific location). This includes city hall which is the council administrative HQ plus neighbourhood and area housing offices. There is a mix of buildings in terms of 'fitness for purpose', physical condition and running cost. In general there is poor utilisation of space which means there may be capital and revenue tied up in 'bricks and mortar' which could be released,	With the adoption of flexible working practices coupled with less staff as the council responds to budget pressures office space can be released. An accommodation strategy has been prepared that recognises that city hall will remain as the administrative headquarters together with a neighbourhood presence either in council owned buildings or with key partners. Surplus accommodation will be released on a phased basis. The opportunity for other partner organisations to share council owned accommodation will be explored. Implementation is likely to proceed on an incremental basis.
Open Spaces, Parks & Play	6	The council has a large number of opens spaces, parks and play areas. This includes 6 main parks. Some of these have	An asset management review of parks and the key buildings in these areas, together with a strategy for the provision of

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Areas		facilities (such as sub-depots) within them and these are generally in a poor state of repair. The council has a rolling programme for the improvement and upgrade of the extensive portfolio of play facilities. This work is funded from developer contributions.	open space required to support the local planning process, areas needs to be undertaken to identify maintenance requirements and investment opportunities. This investment plan will be particularly relevant from 2012 onwards when the council should start to secure CIL developer funding that can be used to invest in existing open spaces and parks.
Public conveniences	8	The council has 8 city centre public conveniences over and above those within parks. These are in a poor state of repair, generally not 'fit for purpose', prone to vandalism and anti-social behaviour and are a cost liability to the council. There are other facilities within the city centre provided through retail outlets or at other premises (such as the bus and railway station).	Public conveniences are not a statutory service and the scrutiny committee have undertaken a review of the requirement for the city council to continue to provide this service in the current manner. This outcome of the review has not been implemented and needs to be revisited on the basis of seeking to rationalise current provision and, at the same time, being mindful of specific demands such as those with mobility problems and the night time economy. A new draft British Standard for public toilets is being prepared and although not mandatory it is a standard which the council would need to consider for its retained conveniences.
Industrial units		The council owns a range of industrial units and has a 40% ownership (with Norfolk County Council) of the airport	Accepting that industrial units are part of the investment portfolio means that the Council needs to review what, if any,

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Investment Portfolio		industrial estate. The portfolio is generally over 30 years old and is of mixed quality and reflects individual investment decision over a 30 to 40 year period. These assets are treated as investment properties and although essential to the local economy their management is only indirectly influenced by employment considerations. Their fitness for purpose is being assessed as part of the standard assessment procedure for corporate assets.	role economic development considerations need to play in the assessment of fitness for purpose. The opportunity for a joint investment strategy with the County Council at the airport industrial estate needs to be explored.
		The council owns a mix of office and other commercial properties that produce a significant revenue income. However the portfolio has been established over many years without a consistent rationale for acquisition. This is being reviewed as part of the asset review process and proposals for disposal/retention are carefully assessed. The council also owns a number of larger development sites (e.g. Rose lane car park) that require detailed assessment and review.	It is essential to develop an investment programme that aligns to the asset review process and is consistent with the aim of the council to maintain a high income from assets.
Markets		Norwich has one of the most significant outdoor markets in the country and as such it is an important asset that adds to the vitality and viability of the city centre. A major refit and modernisation of the market was undertaken some 5 years	Further work is required to ensure reconciliation of service charges is completed in a timely manner and that all recoverable costs are in fact secured from existing and previous tenants. Some issues have arisen with specific

Asset Type (Service)	No of Assets	Existing and Future Perspectives of Property Portfolio	
		Current Portfolio & Issues	Medium to Long Term Perspective
Street cleansing, grounds & tree maintenance		ago. Some market traders are long standing tenants and other stalls turnover on a more regular basis. Stalls are let on the basis of a set fee/toll plus an estimated service charge which is reconciled at year end. Letting and management arrangements have been developed to encourage occupation of all the available units and to ensure that landlord and tenant costs are correctly apportioned. Stall holders are represented by the market federation.	design elements of the refit and these are being, and will continue to be, addressed.
		These services are provided through a long term contract (of 5 years plus a possible 5 years further extension). The contractor uses sub-depots within the parks as well as having their own site at Wiffley Road.	The council owns no specific assets around this service.