



ASSET MANAGEMENT PLAN

2007

**PROPERTY & FACILITIES SERVICE
CORPORATE SERVICES DIRECTORATE**

ASSET MANAGEMENT PLAN 2007

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WARRINGTON BOROUGH COUNCIL

ASSET MANAGEMENT PLAN 2007

This Asset Management Plan (AMP) seeks to provide a clear picture of the current position of Warrington Borough Council in relation to the management of its property. Its purpose is to provide a dynamic tool for aligning property requirements with Council aims and objectives in the most effective, efficient and economical way.

This document outlines the Council's approach to asset management, and highlights the considerable progress that it has made since the publication of its last Asset Management Plan in 2002. Detailed in this Plan is the Council's approach to asset management both at a corporate and at a directorate/service level.

This document forms part of a suite of corporate documents including the Corporate Plan, the Medium Term Financial Plan (MTFP) and the Workforce Development Plan.

1. INTRODUCTION & CONTEXT

- 1.1 The Borough of Warrington is mainly urban in nature and is set in a key location for national communications. It is half way between the conurbation's of Merseyside and Greater Manchester on the main inter-city rail link from London to Glasgow. Three major motorways, the M6, M56 and M62 meet here and the international airports at Manchester and Liverpool are close by. It covers an area of 18,179 hectares.
- 1.2 The Borough has grown rapidly over the last 25 years, largely as a result of its status as a New Town. Traditional industries, such as brewing, steel and wire have declined and have been replaced by hi-tech industries on new industrial parks.
- 1.3 Warrington has a population of around 190,800 (mid 2000), which has increased by 3.0% since 1991. This compares to an overall rise in the population of the North West as a whole of 0.1%. Warrington's population is expected to grow further to over 196,000 by 2011.

THE COUNCIL'S PURPOSE

- 1.4 Warrington Borough Council has an overall statement of purpose of providing strategic vision and community leadership to the Borough of Warrington in its place shaping and enabling role. As Councillors and

employees we will contribute to the achievement of the shared vision for the Borough's future:

- by making our services the best quality that resources allow, targeted where necessary at those who need them most;
- by working with other organisations, whether local, regional, national or international, in order to meet the wider needs of its citizens; and
- by using our efforts to advocate and campaign for more resources for the Borough.

THE COUNCIL'S VISION

1.5 The Council works with many other organisations to improve the quality of life for the Borough's residents. In 2002 the key agencies in the Borough came together to form the Warrington Partnership, the Local Strategic Partnership for Warrington. Together, the Partnership has developed a **shared vision** for Warrington and has published a Community Strategy "**Warrington - Towards Tomorrow**" which establishes a common framework for local action to improve people's quality of life in Warrington. It sets a course for the next 10-15 years with ambitious but achievable aims that will help deliver the vision.

1.6 Over the next 10-15 years, Warrington will increasingly be a place where communities enjoy a sense of social, economic, physical and spiritual wellbeing; they are cohesive and welcome diversity. In more detail, our aspirations are for Warrington to be a place where:

- Equal opportunities can be enjoyed by everyone
- Communities are well-informed, actively consulted and able to contribute to decisions about the places where they live and work
- There is an attractive local environment with unpolluted air, land and water and conserved natural habitats
- Waste is minimised and recycling maximised
- The transport network offers choice, easy access and reduced congestion
- Communities are safe and people feel secure
- There are rich and varied opportunities for fun and recreation
- Good quality education and training support continuing economic success
- All people can afford decent homes
- Everyone can enjoy good health and wellbeing
- Run-down and deprived areas are regenerated

CORPORATE AMBITIONS AND IMPROVEMENT OUTCOMES

- 1.7 The Council has agreed a number of corporate ambitions and improvement outcomes which it is targeting and which guide its work. These ambitions and targeted outcomes have been developed by members through a series of workshops and following consultation with a wide range of partner organisations, ward councillors and the people of Warrington. These are summarised in the Council's Corporate Plan, as follows:



Prudent asset management through effective and efficient use of assets is an essential element of the Council's ambition **Transforming our organisation to deliver our outcomes**. This ambition is underpinned by priority improvement outcomes to:

- Improve access and customer experience of all Council services
- Demonstrate improved value for money in our service and organisation

- 1.8 The achievement of this approach will in turn support the achievement of the remaining ambitions and improvement outcomes in the Plan and ensure that we:

- **Maximise community and financial return on our assets.**

ORGANISATIONAL FRAMEWORK

- 1.9 The Council modernised its organisation structure at officer level and Member level in April 2005. The number of Directorates reduced from six to four – Children's Services, Environment Services, Community Services and Corporate Services. These directorates work alongside the Chief Executives Unit.

The Council has the following officer arrangements supporting the management structure of the authority:

Council's Management Board

The Council's Management Board comprises the Chief Executive,

Strategic Directors and Heads of Service. The Board is responsible for the co-ordinated management of policy, direction, standards and performance across the whole organisation

1.11 Member Arrangements

At Member level new arrangements have been introduced reflecting both service and key corporate responsibilities. The formerly separate Scrutiny and Strategic Policy Overview bodies have merged into a single Overview and Scrutiny function. All of these changes are impacting favourably on the way we plan policy and deliver our services. We are more joined-up and there is a renewed approach to collaborative working both inside and outside the Council at both Member and Officer level. Since many of the major challenges that face us cut across traditional Council service divisions, the new structure gives us improved and more effective ways of working.

The Council now has a structure and culture that ensure integration, consistency and compatibility between the full range of Council strategies. Within this culture corporate processes are in place to ensure that property decisions and strategies are consistent with corporate priorities and help bring about improved service delivery and asset performance.

1.12 Appropriate linkages are made between the AMP and other key service-area delivery plans, which inform the Council's Capital Strategy and programmes, for example:

- Housing
- Education
- Local Transport Plan
- Health/Social Services

This is necessary to ensure that all property related investment supports the Council's overall priorities for Warrington.

RESPONSIBILITY FRAMEWORK FOR PROPERTY

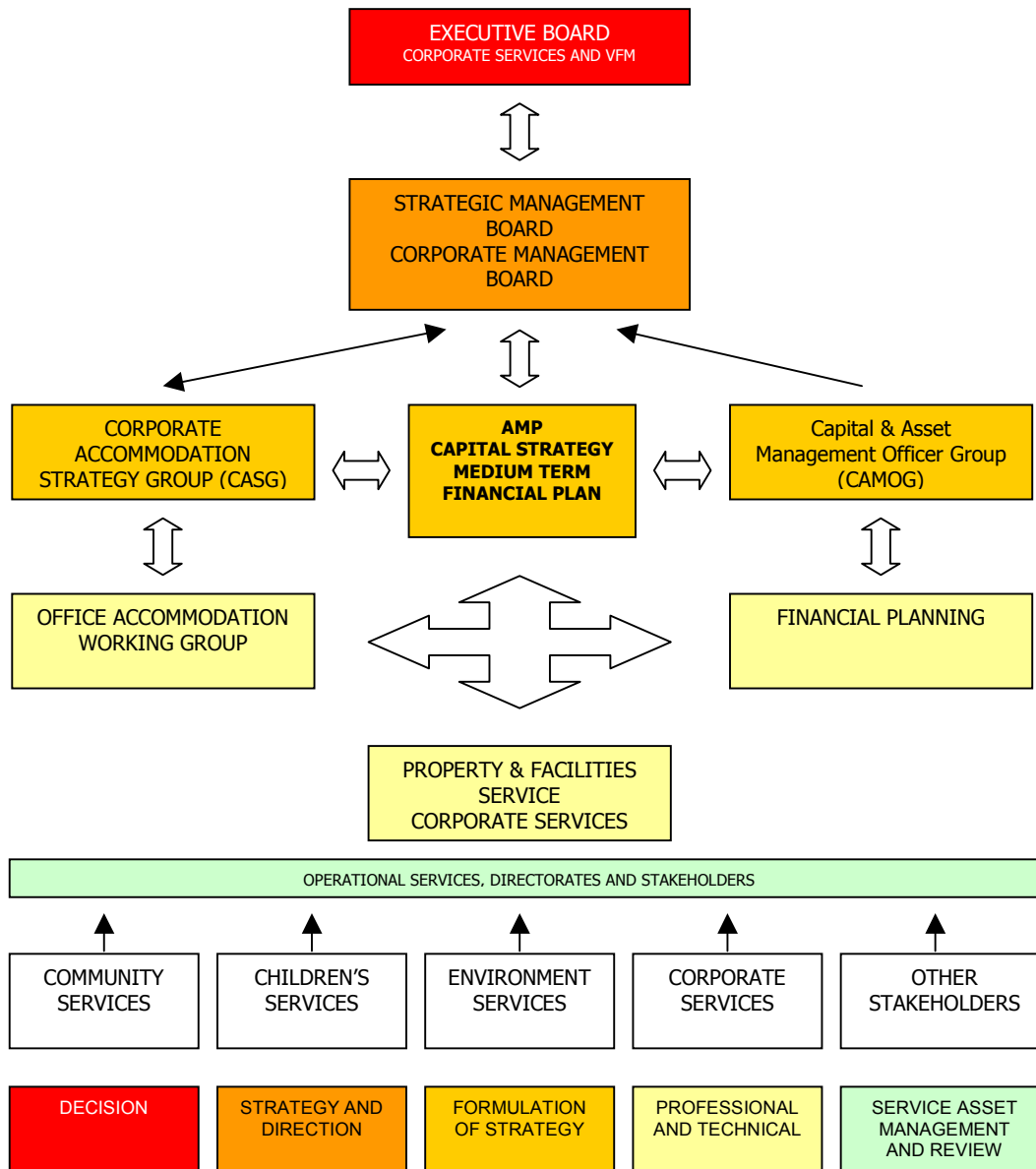
1.13 The Council has adopted the modernisation of local government agenda. Committees, Panels and Officer roles have been redefined and reviewed to reflect the new facilitating/partnership roles expected and to streamline the decision-making processes of the local authority.

In accordance with best practice guidelines for Asset Management Plans, the Management Board champion for asset management planning is the Strategic Director, Corporate Services whose role includes strategic management responsibility and control of all property and land assets in the ownership of the Council.

Political responsibility for asset management falls within the Corporate Services Executive Member role:

- Corporate Services Executive Member — overall asset management and policy development.
- During the 2006 Strategic Property Review, this political commitment to proactive asset management was augmented by the lead Executive Member, Value for Money (VFM), who sponsored and monitored the Review through to completion.

1.14 The management and decision-making structure for the Council’s asset management is shown below.



The next section, (1.15 to 1.19) is a description of the officer groups and roles the Council has established that are operating to ensure a corporate and proficient approach to asset management:

1.15 Corporate Accommodation Strategy Group (CASG)

Chaired by the Strategic Director Corporate Services. The group meets every six weeks and provides a focus and direction for co-ordinating asset use, procurement, adaptation and disposal issues.

Each Service Directorate is represented on the group at senior officer level. Each Service Directorate representative also acts as the main directorate contact for property asset related matters. These roles are reflected through membership of other corporate groups such as CAMOG (see below) to maintain consistency and representation over asset management issues.

1.16 Capital & Asset Management Officer Group (CAMOG)

Chaired by the Council's Head of Finance & Business Services, Corporate Services. CAMOG co-ordinates the outcomes of the Council's major asset related plans into the Capital Strategy and co-ordinates and monitors the Capital Programme. The group meets every three months and all Service Directorates are represented at senior officer level.

The role of CAMOG is to:

- Ensure capital expenditure is consistent with Council Ambitions and corporate asset management plans and strategies
- Establish framework for allocating corporate capital resources
- Approve bids entering into the Capital Programme
- Ensure individual priority projects and the programme as a whole is monitored effectively

1.17 Office Accommodation Working Group

Chaired by the Corporate Property Officer (CPO), Corporate Services. The group has established a property requirements corporate protocol for service directorates. Under the authority and support of CASG, the group addresses, considers, manages and monitors all accommodation moves, acquisitions and adaptations. This provides a central point of control and management of accommodation requirements and costs.

Each Service Directorate is represented on the group at senior officer level supported by professional and technical officers from Estates & Valuation, Architectural Design & Building Maintenance, Operational IT and Business Support. The group meets as a minimum every three months. During periods of office moves, relocations and property projects, the group meets weekly.

The Asset Management Plan 2007 provides a framework for the continued development and improvement of strategic asset management.

1.18 Corporate Property Officer (CPO)

The Corporate Property Officer (CPO) is the Chief Estates & Valuation Officer, Property & Facilities Service, Corporate Services Directorate. The CPO is a member of CASG, CAMOG and chairs the Office Accommodation Working Group.

The role of the CPO: Establish key objectives for land and property.

- Identify links between the Corporate Plan and the implications for the property portfolio.
- Identify contribution of property in the Corporate Plan and the Capital Strategy.
- Develop policy guidance for services on how to consider assets in Service Plans.
- Continue to develop awareness and relationships with Services, Working Groups, Parties and Panels to improve strategic links.
- Awareness and exploration of partnering and co-location opportunities and benefits
- Co-ordination of cross service approach to asset management planning.
- Co-ordination of corporate asset approach in the service plans for Schools, Transport (LTP), Housing and Social Services.
- Advice and reports to corporate management, services and members.
- Co-ordinating performance measurement of property across services.

CORPORATE ASSETS - COUNCIL PROPERTY ASSETS

1.19 Warrington Borough Council, like most local authorities, owns a large amount of property (in this document, this term also includes land). The Council maintains a record of over 26,000 property assets. These include, for example, the Town Hall, schools, industrial units, shops, allotments, residential stock, parkland and highways grass verges. The portfolio is diverse yet significant and valuable.

1.20 Summary Details

- 236 key operational assets, used to deliver services (which includes schools, social services establishments, libraries, community centres, car parks, public toilets, leisure facilities etc) and house Council staff and members

Operational Property Assets	Number of Assets
Cemetery/Crematoria buildings	5
Children's Homes	1
Community Centres	28
Community Houses	10
Depots	6
IT Facility/Call Centre	1
Leisure Centres and Pools	5
Libraries	13
Miscellaneous operational	5
Museums/Galleries	1
Office/Admin buildings and land	15
Ranger Cabins	11
Residential Homes/Day Centres	24
Schools	87
School Playing Field	1
Sheltered Housing	7
Sports Changing Room/Pavilion	16
Total	236

- 273 key non-operational assets (investment portfolio) held either to provide income or for strategic reasons

Number of Property Assets	Number Of Letting Units (market is taken as 1 unit)	Approx. Rent Receivable per year
273	403	£6,100,000

Summary of values, expenditure and income associated with these assets:

- Asset value of land and buildings portfolio (excluding housing stock) £278.562 million, (valuation date 31st March 2006)
- Asset value of investment portfolio £54.049 million, (valuation date 31st March 2006)
- Asset value of housing stock portfolio £357.356 million, (valuation date 31st March 2006)
- Cost of capital planned maintenance 2006 / 07
 - Schools building maintenance £8.127 million
 - Other operational buildings £4.497 million
 - Decent Homes and Housing Maintenance £18.1 million
- Income received (from non-operational assets) approximately £6.1 million per year

2. PROPERTY STRATEGY

2.1 It is recognised that the Council needs a clearly defined framework for managing its land and property assets. Much of this was previously set out in two documents:

- The 2002 Asset Management Plan (AMP), which the Council was required to produce for the Government.
- Corporate Property Management Policies (2002)

This Asset Management Plan sets out a Property Strategy framework for management of Warrington Borough Council property assets. This builds on the Corporate Property Management Policies (2002) and the work of the Strategic Property Review 2006 (see chapter 3). The Property Strategy framework is based around:

- A Vision for the Council's Property section 2.2
- Property Management Policies section 2.5
 - Policy 1 - Framework section 2.8
 - Policy 2 - Operational Property section 2.9
 - Policy 3 - Non-operational Property section 2.13
 - Policy 4 - Surplus Property section 2.16
 - Policy 5 - Disposal of property section 2.24
 - Policy 6 - Property Project Prioritisation section 2.30

A VISION FOR PROPERTY

2.2 There is a clear recognition of property as a key resource for the Council. In 2005, the Property & Facilities function was moved from the Environment & Regeneration directorate to Corporate Services, located alongside Finance, Legal, Human Resources, Business Support and IT services.

This reorganisation brought together the key support services of the Council within a Corporate Services directorate, and the key property infrastructure services (Estates & Valuation, Architecture and Building Maintenance, Caretaking & Cleaning, and in 2006, Operational IT) into a single service block, Property & Facilities. Property is therefore now co-managed with the Council's other assets.

2.3 It is necessary to consider a long-term visionary strategy. Property is an illiquid asset. There are long lead in times involved with developing property (typically 3-7 years plus from the moment the idea is conceived, to the point of the building being occupied), acquiring or disposing of property. Effective planning is essential, and with property that means a long term vision, ten years ahead.

This Property Strategy is intended to provide a context for decision making now and in the future. It will be reviewed each year to test its continuing relevance to the Council's developing estate and role within the town. It is

essential that the Council's vision for property retains the endorsement of senior members and officers.

- 2.4 The Council's vision for its property assets remains both challenging, and realistic in these changing circumstances.

Vision

Our vision is, over the next 10 years, to have a well planned property portfolio which reflects and meets our future business and service needs and is managed cost effectively.

This vision is to be achieved by utilising the following property management policies.

PROPERTY MANAGEMENT POLICIES

- 2.5 The Property Management Policies highlighted in this AMP will be the basis of a separate document, *Corporate Property Management Policies*, to be published in Spring 2007. This document will incorporate the following principles (set out in sections 2.5 to 2.32) and supplement them with greater detail. The Property Management Policies will consist of the following five elements:

- a. The Council adopts Asset Management Planning in accordance with published best practice guidelines (ODPM/ RICS Best Practice Guidance 2005).
- b. Strategic property decisions will be included in the terms of reference of Executive Members, except HRA (Housing Revenue Account) assets, and referred to the Executive Board for approval.
- c. All net capital receipts will be treated as a corporate resource.
- d. All revenue income and expenditure related to Operational property will accrue to the relevant service budget.
- e. All revenue income and expenditure related to Non-operational property is to be treated as a corporate resource.

These policies were included in the last AMP in 2002, and are included and updated here.

- 2.6 The aims and objectives of the Property Management Policies are to:

- Meet individual Services' current and future property requirements and help them to maximise their performance in delivering Service plans in support of the Corporate Plan.
- Develop clear criteria for Non-operational property in respect of disposal, acquisition and investment.

- To optimise income received from Non-operational property.
- Release those properties that are not cost effective to retain and do not otherwise contribute to the ambitions of the Council's Corporate Plan
- Provide Services with processes to improve the use of or to release properties.
- Inform and support Services in the process of capital scheme appraisal and selection.

The adoption of these Policies and full commitment to Asset Management Planning is a critical success factor in delivering the Corporate Plan.

2.7 The Property Management Policies will:

Protect

- Future capital investment
- Viable properties required for service delivery or income against decay
- Existing front line service delivery quality
- The Council's right of self-determination.

Enhance

- Performance and condition of required land and property holdings
- Revenue and capital income from the property portfolio
- Property contribution to community priorities and objectives
- The transparency of not-for-profit lettings to the Voluntary Sector
- Corporate property data quality and availability
- Informed decision making and allocation of resources
- Cross-service co-operation
- Opportunities for in-sourcing through partnerships
- The Council's reputation locally and nationally

Avoid

- Loss of property value and income
- Spiralling maintenance and repair costs
- Wastage through holding property unnecessarily
- External intervention

Monitor

- Property condition
- Property performance
- Property occupancy
- Financial and community contribution of investment property

**PROPERTY MANAGEMENT POLICY 1
FRAMEWORK**

The delivery and success of the Property Management Policies will be achieved through full adherence to the following regulations, responsibilities and accountabilities:-

- a. The Corporate Property Officer (CPO), leads the Council's ongoing review of property and property strategy.
- b. The CPO prepares a corporate Asset Management Plan (AMP) in accordance with government, professional and industry guidelines and identified best practice.
- c. All property will fall within the terms of reference of Corporate Services **except HRA assets**.
- d. Management and review of all Non-operational property is the responsibility of Corporate Services.
- e. The maintenance and repair of all property, except HRA assets, is the responsibility of Corporate Services.
- f. Net capital receipts received from all property disposals will be treated as a corporate resource.
- g. All revenue income received from Non-operational property will be treated as a corporate resource.
- h. Revenue income from Operational property is retained by Services to enhance their service provision, within the Council's financial and budget management framework.
- i. The acquisition and disposal of property on behalf of the Council is undertaken by Corporate Services in accordance with the Council's Scheme of Delegation.
- j. Management of unused (surplus) property reverts automatically to Corporate Services, whose CPO will undertake option appraisals. Budget responsibility will remain with the service relinquishing the property.
- k. The Council produces a Medium Term Financial Plan (MTFP) which will include targets for capital receipts and investment property revenue income.
- l. Services are responsible for the management of Operational property.
- m. Services are responsible for annually reviewing their future operational property requirements. Services report their requirements to the CPO by way of Service Plans and the property review process and the Corporate Accommodation Strategy Group (CASG).
- n. Surplus properties will be appraised by the CPO to establish suitability for alternative use before consideration of disposal.
- o. The CPO maintains the Authority's Asset Register in accordance with the Financial Regulations. Individual Services are charged with the responsibility of notifying the CPO of any changes to the Register. As

part of this process, the CPO will be responsible for holding and maintaining a Property Disposal and Availability Register.

NB. The term 'property' includes all buildings and land.

PROPERTY MANAGEMENT POLICY 2 OPERATIONAL PROPERTY

2.9 Planning & Consultation

The Capital & Asset Management Officer Working Group (CAMOG) and the Corporate Accommodation Strategy Group (CASG) have representatives of all internal stakeholders in their membership. The groups act as a forum for the advancement of improved asset management in the authority.

2.10 Property Assessment

Each service area of the Council is required to produce an annual Service Plan (Business Plan). All service plans are collated, and directorates' service needs are matched against current operational property use, and included in future operational property requirements, as part of the annual property review update.

Assessment of each property will be undertaken in accordance with guidance from the CPO in order to ensure standards are applied across all Services. The CPO will set performance targets against the objectives listed below and against performance indicators adopted within the Asset Management Plan.

The appraisal of the Authority's schools will be undertaken in accordance with the requirements of the Department for Education and Skills (DfES) within the School's Asset Management Plan.

2.11 Objectives for Operational Property

- To support the delivery of high quality services to the community, as defined within Service Plans, from the most appropriate locations and property.
- To improve accessibility.
- To occupy only those properties, which the authority considers to be sustainable in terms of community need.
- To optimise use of Services' revenue expenditure to meet property running costs.
- To optimise efficient use of property by considering alternative and multiple uses, to best utilise space and facilities and future need.
- To meet performance targets.

- 2.12 The CPO will analyse the survey information and make recommendations to CAMOG and CASG in order to achieve improvements. Recommendations will be reported to the Executive Board as necessary, via the Corporate Services Executive Member.

In addition CASG will consider the following questions in respect of the entire portfolio:

- What property is owned and how well is it meeting objectives, both corporately and for individual Services?
- How could the money tied up, be better used?
- How is the opportunity cost versus community priorities measured?
- What are Services' and the Council's long term needs for property?
- How can these needs be met and funded?

Asset Management Plans and Service Plans are to be rolling, flexible, forecasts of property needs to enable the Council to plan disposals, changes of use and acquisitions.

PROPERTY MANAGEMENT POLICY 3 NON-OPERATIONAL PROPERTY

- 2.13 All Non-operational property will be held by Corporate Services. The responsibility for Asset Management Planning of these properties will lie with the Corporate Services Executive Member supported by CASG, CAMOG and the CPO.

The CPO will set performance targets for Non-operational property against the objectives listed below, and will continue to challenge these assets in annual property reviews against their objectives. Any assets not meeting criteria for objectives will be considered for disposal.

2.14 Objectives for Non-Operational Property

The CPO will define objectives for each Non-operational property. Objectives will vary according to property type and the reason for its holding and will typically include some or all of the following:

Financial

- Set and achieve target for Internal Rate of Return (IRR)
- Optimise rental income
- Establish other use/market value/disposal opportunity costs
- Reduce rent arrears
- Reduce voids

Community

- Contribute to the regeneration of the urban area
- Contribute to the development of the Town Centre
- Contribute to economic development and neighbourhood renewal
- Attract business and inward investment
- Protect and improve the Borough's environment
- Conserve and protect historic buildings
- Improve access to local authority services
- Social Inclusion – local shop, post office etc.
- Meet community needs and aspirations

2.15 Portfolio Management

The CPO will manage the non-operational property portfolio on behalf of the Executive Board. Non-operational properties' performance and value (revenue income and support of council priorities) will be assessed against criteria defined by the CPO, as part of the annual property review process.

This will include evaluation of Charitable and 'not-for-profit' lettings. The Authority is committed to working with other organisations in order to meet the wider needs of its citizens. Lettings of property to Voluntary/Charitable organisations should, however, be carried out in an open and transparent manner (as preferred by the Audit Commission) at open market value.

Such Charitable lettings, unless supported by external funding which demands long term agreement, will be subject to short term agreements only. This is in order to safeguard the opportunity for the Council to obtain market value rental or capital receipt when required.

PROPERTY MANAGEMENT POLICY 4 SURPLUS PROPERTY

- 2.16 Asset Management Planning principles attempt to ensure that services are delivered from the most appropriate property and that the Council does not hold property unnecessarily. Therefore, it is important that the Asset Management Plan is supported by formal policies for property re-use and disposal.

2.17 Objectives

- To support and encourage rationalisation and optimised use of property under Asset Management Planning processes and the Property Strategy.
- To minimise void periods and resultant interim management costs.
- To manage vacant property through the availability and allocation of appropriate funding.

- To enable the advance consideration of possible alternative uses or disposal.

2.18 Definition of Surplus / Under-used Property

A property is considered to be surplus to the Council's requirements if:

- It makes no contribution to the delivery of the Council's services
- It has no potential for strategic or regeneration/redevelopment purposes
- An alternative property has been identified which would achieve a more cost effective service delivery.

A property is considered to be under-used if:

- The income being generated from the property is below that which could be achieved from:
 - an alternative use
 - disposing of the property and investing the income
 - intensifying the existing use
- Part of the property is vacant and is likely to remain vacant for the foreseeable future.

2.19 Property Identification

Property for possible disposal may be identified in the following ways:

- Through the review processes in respect of both operational and non-operational property contained in the Asset Management Plan, Property Strategy or annual property reviews
- Through Services declaring specific properties as being surplus to requirements
- Through an over-riding need for capital receipts
- Through Unitary Development Plan designation
- Through identifying previously unidentified surplus land from the Land Terrier system.

2.20 Operational Property Procedures

Procedures for the review, release and reuse/disposal of Operational property are as follows:

- Annual Service Planning and Asset Management Planning processes identify surplus and potentially surplus land and buildings. Notification must be given by the Service to the CPO, as soon as reasonably practical (without waiting for the annual plans to be published).
- Services will advise projected partial/total vacation date as well as detailed running costs.

- The CPO will undertake option appraisals for each property becoming partially or fully vacant.
- If suitable for re-use, vacant property will be detailed within the Disposal & Availability Register held by the CPO and then offered up to meet other Services' requirements.
- The CPO will inform the relevant Ward Councillors and Parish Council that a recommendation has been made for the disposal of the property on the open market.
- If property is not suitable for re-use (i.e., too costly to repair/maintain), or no alternative use can be found, the CPO will recommend that it be disposed of on the open market.
- The management of premises will be formally handed over to the CPO only when totally vacated.
- At hand-over, the premises must be in an appropriate condition with safeguard measures in place, e.g., water systems drained-down in winter.
- Where sizeable property is being vacated on a phased basis, the Service will remain responsible for full management until totally vacated.
- The Service will retain budget responsibility until disposal to include for ongoing running costs, and an allocation for security and maintenance.
- Insurance cover on buildings must not be discontinued.
- Informal arrangements for the transferred usage between Services will not be conducted.
- In the event of a recommendation for disposal, the CPO will undertake the work in accordance with the Council's Scheme of Delegation.
- The CPO will maintain a Property Disposal & Availability Register, which will detail all properties surplus or due to become surplus for consideration of change of use by other Services. The CPO will assist Services with the evaluation of these properties to establish their suitability for transfer.

2.21 Deciding Which Property to Release

Circumstances may arise where a service has to reduce its service provision, for example, because of a reduction in demand, but is uncertain which out of a number of properties to release. In such cases the CPO through Property & Facilities Service will be able to provide the service with an assessment to inform the decision. This will be based on:

- Anticipated future property running costs.
- Major repairs.
- Occupational density.
- Alternative uses.
- Relative marketability of the properties.
- Fit with Asset Management Plan/Capital Strategy
- Appropriate consultation.

2.22 Incentives

Asset Management Planning will help in the identification of Operational property for change of use or disposal. The process of annual property reviews can identify Operational properties which are under-performing against performance indicators and suitability and sufficiency assessments. This will include properties in poor condition that the Council cannot afford to maintain or bring up to a suitable standard. Services could also identify properties that will become surplus to requirements through changing service delivery strategies, over a five year rolling forecast.

CASG will consider whether incentives are needed to encourage Services' further to release under-utilised or unused property.

2.23 Non-Operational Property Procedures

Identified for reuse/disposal in accordance with procedures detailed under operational property definitions of surplus and under utilised property above.

PROPERTY MANAGEMENT POLICY 5 DISPOSAL OF PROPERTY

2.24 The CPO will undertake the disposal on behalf of the Executive Board. Property can either be:

- Sold freehold or long leasehold with a premium to produce a capital receipt to boost capital expenditure, or
- Let for either a fixed or indefinite term to produce a rent or revenue receipt to supplement revenue expenditure.

Each case must be considered on its merits and the requirements of Section 123(2) of the Local Government Act 1972 adhered to. This states:

'Except with the consent of the Secretary of State, a Council shall not dispose of land under this Section, otherwise than by way of a short tenancy, for a consideration not less than the best that can be reasonably be obtained.'

Exceptions to this statutory requirement are possible under the General Consents Order 2003, but only up to an "under value" of £2 million maximum, subject to strict conditions and regulations.

Whatever method of disposal is used, late bids cannot be prevented. The effect of the above legislation is that such late bids need to be considered by the Council.

Therefore, the return from any disposal is to be maximised unless there are over-riding factors identified in the Corporate Plan which take precedence over the receipt of capital. The sale of any interest at a price below open market value will be ratified in accordance with financial regulations and having regard to the relevant scheme of delegated authority.

2.25 Methods of Disposal

The CPO will identify an appropriate method of disposal, which can include:

- Sale by Private Treaty
- Informal Tender
- Formal Tender
- Auction

All of the above methods have been used and a flexible approach needs to be maintained in order to deal with the variety of property disposed of by the Council and the state of the property market at any given time.

2.26 Marketing Strategy

Having determined that land or property is to be offered for disposal on the open market it is important to ensure an appropriate level of marketing or advertising.

All marketing costs, legal costs, consultant costs etc. associated with any disposal of an asset will be deducted from the proceeds of sale. In the event where such costs do not lead to an actual disposal they will be recharged to the appropriate Service budget.

2.27 Timing

The timing of any marketing/disposals will need to be considered against the background of the Council's corporate objectives together with the current state of the market. Before recommending that a disposal is to proceed, the following factors are to be taken into consideration:

- Is there an immediate need to generate a capital receipt
- Current market conditions
- Potential for site value to increase in the future
- Unitary Development Plan - this will influence decisions on the disposal (and acquisition) of land, as well as the future use of individual sites.

Whilst capital receipts are used to enhance the capital programme an important factor to consider are the market conditions at the time of setting programmes for disposal of land or property. Consideration must be given to holding surplus property in the expectation of greater returns when market conditions improve. This is appropriate in respect of the property market as it has a cyclical tendency.

2.28 Authority and Approval

All disposals must be carried out in accordance with the Council's current Scheme of delegation.

2.29 Capital Receipt

Capital receipts from the disposal of property assets can be used for investments in new or existing assets of the Council. Such capital receipts are treated as corporate resources and their use will be considered along with other capital resources in the formulation of the Council's Capital Programme.

PROPERTY MANAGEMENT POLICY 6 PROPERTY PROJECT PRIORITISATION

2.30 PROCUREMENT (ACQUISITIONS), ADAPTATION / EXTENSION OF PROPERTY ASSETS USED FOR SERVICE DELIVERY OR SUPPORT PURPOSES

The Council programmes, manages and monitors a three-year Capital Programme.

The Asset Management Plan sets out processes for making an assessment of the Council's capital finance requirements in relation to its property holdings and takes account of spending priorities based on the condition surveys of operational properties. This information will feed into the Capital Programme together with a forecast of expected capital receipts.

Capital requirements in respect of property holdings, along with other capital requirements, will be assessed and prioritised against available resources by CAMOG as part of a formal, objective approval process. The assessment of these priorities will be explicit and rigorous, and the appraisal of alternative options thorough. The methodology for prioritisation is Authority wide and the criteria for inclusion will include:

- The extent to which schemes contribute to the Council's key objectives.
- Whether the scheme is consistent with the Asset Management Plan.
- Availability of funding.
- Ongoing revenue expenditure and potential for revenue savings.
- Extent to which the schemes promote cross service initiatives or partnerships.
- Consultation over the scheme with other stakeholders.
- Business case, including option appraisal.

A three year capital programme is developed as part of the Council's MTFP approved by the Council as part of the annual budget setting process. CASG and CAMOG feed into the development of the draft capital programme.

2.31 Procuring/Adapting Property Assets and Accommodation

Once it has been established (via service planning and annual property review processes) that existing property holdings are unable to support future service delivery, it may be necessary for the Council to acquire additional property. In this event it is essential that the process is managed to ensure that the Council's interests are safeguarded at all times.

- All property acquisitions are routed through the CPO
- Where appropriate, the business case for the acquisition has been considered by CASG
- Funding arrangements are in place
- Proper project management arrangements are in place throughout the acquisition and any conversion and commissioning phases of the process
- Appropriate professional advice is deployed throughout the process

2.32 Minor Relocations and Management of Existing Accommodation

For situations where service departments are planning minor moves or relocations within existing premises, the appropriate route for approval and support is through the Office Accommodation Working Group. This group will ensure that the following issues are considered with appropriate feedback to the service:

- IT infrastructure
- Building services capacity
- Third party (landlord) and or planning consents
- Space utilisation and storage targets
- Removals
- Floor-space use records

DATA MANAGEMENT

2.33 This section explains the systems the Council has in place to manage data and how that data is used to support efficient and effective use of assets.

The ability to collate, recover and analyse data is seen as fundamental to the AMP process. In 2001 the Council procured new software Establish Enterprise System (EES) designed and developed with consultants, Tribal APD, in accordance with AMP requirements. Establish Enterprise is a fully integrated software system, which contains all the utilities needed to manage and control a large and diverse property portfolio and maintain an up to date asset register. The system contains the following functionality:

2.34 **Premise Module:**

Business Structure Details, Property Details, Land Terrier Details, Elemental Item Database, Property Condition Surveys, Property Asset Register, Drawing Register, Comprehensive Reporting on all above.

2.35 Estates Module:

Premise Management, Deeds and Disposals, Asset Valuations, Insurance Valuations, Tenant/letting details, Property Review, IRR Valuations, Comprehensive Reporting on all above.

2.36 Stock Condition and Backlog Maintenance – information collated, recorded, updated and maintained on the EES system. Reporting formats are available to analyse and report this data.

- EES contains detailed records including basic core data on all Council's land and property assets
- Tribal APD has been retained as consultant to ensure the continued development and improvement of the EES. The validity of the information has been and continues to be tested by users of the system within Property Services with established protocols for any required updating.
- CIPFA categories have been adopted to define property types.
- Each property asset is allocated a unique property reference number (UPRN), and where appropriate, a group UPRN.
- EES accommodates fields to link to National Land & Property Gazetteer
- Work is continuing to merge asset data for Education, Building Maintenance and Estates.
- Training on the EES is provided both in-house and by Tribal APD for all Property Services staff and other users of the system. Individual training needs are regularly reviewed as part of the Council's Employee Development Scheme
- Corporate access to EES data under review
- Digitisation of land terrier maps was completed in August 2002 and the plans are linked to both the EES and GIS systems.

HEADLINE PERFORMANCE MEASURES

2.37 With effect from 2006/07 the Council has adopted the National Property Performance Management Initiative performance indicators (PI's), relating to:

- Condition and Required Maintenance
- Environmental Indicators
- Access
- Suitability

2.38 Consultation

These PI's have been developed through The Association of Chief Corporate Property Officers in Local Government (COPROP). The introduction of these PI's follows extensive consultation within the local government property services community and beyond. The Council was part of this consultation, with endorsements from:

- Association of Chief Estates Officers (ACES)
- Consortium of Local Authorities in Wales (CLAW)
- COPROP Core Cities
- Department for Education and Skills
- IPF Asset Management Planning Network
- Office of the Deputy Prime Minister – now DCLG

2.39 National Benchmarking

All of the local government networking groups above promote and recommend these measures and definitions to their member authorities. It is intended that these indicators, added to and amended over time, should be regarded as the standard set of measures for local authority property management in England and Wales. Department for Communities and Local Government (DCLG) recommends adopting these PI's to replace the old ODPM Asset Management national PI's introduced in 2001.

The Council is currently collecting data for these National Property Performance Management Initiative performance indicators. This data will be published in April 2007 for the period 2006/07 and used for national benchmarking and comparison performance year on year.

The Council maximises opportunities for inter-authority benchmarking and analysis through membership of and participation in the IPF Asset Management Planning Network and regional groups (ACES North West and Association of Greater Manchester Authorities Property Services Teams).

In 2005/06, the Council used PI data for asset management based on national and local benchmarking. These PI's are highlighted in **Appendix 1**, and have been used to assess portfolio performance against national standards (CIPFA National Medians) and improvement year on year.

Summary of performance and commentary on all PI's is included in the Appendix documents.

2.40 Local Performance Indicators

The Estates & Valuation Team in Property & Facilities Service adopted a new set of internal PI's with effect from 1 April 2006. These PI's relate to performance management information and use of property assets to achieve the Council's ambitions and improvement outcomes. These are highlighted in **Appendix 2**.

3. STRATEGIC PROPERTY REVIEW 2006

- 3.1 This chapter highlights the significant progress made in asset management since 2002 when the last AMP was published. In 2006, the Council undertook a strategic review of the key property assets.

The purpose of the exercise was to Review the Council's key property holdings and consider their fitness for purpose, in terms of delivery of Council services and value for money

The review was a major exercise prompted by drivers such as:

- Comprehensive Performance Assessment (CPA) – Use of Resources
- Lyons Review
- ODPM and Royal Institution Chartered Surveyors (RICS) Best Practice guidance
- Gershon Review efficiencies
- Medium Term Financial Plan (MTFP)
- The MTFP also identifies substantial pressures on the Council's capital resources.

3.2 In this context, it is imperative that the Council minimises its cost base, maximises value from the use of property, and, if possible, generates additional capital receipts, to support investment in services in the future. In view of the Council's tightening financial position and the need to maximise the value of assets, the Council decided it was the time to undertake a strategic review of the key assets in the property portfolio. This was the first time such an exercise had been carried out. The review included a target of releasing £3 million of capital receipts over three years.

3.3 The review involved collecting and analysing data on all the Council's key property assets. Under the direction and guidance of the Corporate Property Officer (CPO), Council officers and consultants from United Utilities Property Solutions (UUPS) conducted the review, assembling and analysing the data upon which the reviews findings and recommendations were made.

3.4 UUPS reviewed and challenged the assumptions behind the Council's property holdings, from a commercial perspective, outside the Council's traditional point of view.

This summary is a concise, distillation of the main findings of this major exercise, conducted during 2006.

OPERATIONAL PROPERTY

3.5 Overall, the Council's use of operational property has been found to be "tight", and provides a generally good fit with current operational service delivery needs. Important, priority developments were highlighted, involving:

- The expiry of 2 key leases on town centre office premises (New Town House and Palmyra House) during 2007/8.
- Developments in future service delivery methods

- 3.6 Negotiation of lease renewals at New Town House and Palmyra House, to support the Council's office accommodation strategy, is underway. The outcome of these negotiations will be critical to the Council's office accommodation strategy and the significant overheads associated with town centre office space.
- 3.7 Developments in service delivery methods will encompass both the ways in which Council staff operate, and the routes by which the Council secures delivery of essential services in future (future service procurement strategy). These developing service delivery themes will have an impact on future operational property requirements.
- 3.8 Targets, based on projected assumptions on future operational methods employed by Council staff, are built into the proposed office accommodation strategy, for inclusion in the MTFP. These are specifically:
- Space utilisation to be a maximum of 9 m² per person by 2010
 - Paper based storage on office floorspace maximum of 25% by 2010
 - New occupation of office accommodation to be at a maximum of 9 m² per person
- 3.9 The Council now holds data on all key operational properties including reason for holding the asset linked to the Corporate Plan.
- 3.10 Co-location and partnership working is an ongoing programme. The integration of social care and health is evidenced by development of children's centres across the borough and the work with the PCT to bring the Children's Development Centre at Sandy Lane to fruition. This has also involved co-location of staff and other resources.

The Council is working closely with the PCT and Partners 4 Lift on a number of projects to explore and develop the potential of Council assets.

NON-OPERATIONAL PROPERTY

- 3.11 Research and analysis under the 2006 Strategic Property Review indicates that:
- A planned disposals programme of an estimated £4.7 million from 74 surplus property assets can be undertaken subject to appropriate consultation. This significantly exceeds the target set of £3m. This programme will need to be phased over a 2-3 year period, to ensure best value is realised from these disposals.
 - Further properties may become available for disposal in future, as they are identified by annual reviews, they become surplus to requirements and/or commercial conditions allow.

3.12 The remainder of the Council's key non-operational property portfolio is currently providing a financial rate of return in excess of that available by alternative investment vehicles (eg bank deposits), or is effectively supporting the Council's policy and service priority objectives. The Council will need to keep its non-operational property holdings under regular (eg annual) review, to ensure they continue to be managed to best effect, and continue to justify their retention. It is important to retain an element of this portfolio as:

- It provides an essential income that underpins the Council's financial position
- If it were to be sold, we would not achieve the same return if we sold the property and invested the capital in alternative investment vehicles
- 33% of the non-operational assets produce 81% of the income
- By following the disposal strategy recommended, staff time can be focused on a more proactive approach to improving returns from the higher value, retained non-operational assets

RECOMMENDATIONS OF STRATEGIC PROPERTY REVIEW 2006

On 4th December 2006 the Executive Board approved:

- 1. In principle the disposal programme for 74 assets with a potential capital value of £4.7 million subject to appropriate consultation with members. Final proposed disposals programme to be submitted for Executive Board approval in February 2007 as part of the Budget and Capital Programme report.**
- 2. Continue to proactively manage the Council's property portfolio. As part of this process, all key assets to be subject to at least annual review to assess their performance and give consideration to the following actions:**
 - Retain in current use
 - Retain in different use
 - Potential to add value
 - Potential for development
 - Disposal
- 3. Approve the strategy to consolidate into a reduced, more densely occupied footprint of town centre offices.**
- 4. To support this strategy, approve the principle of targets linked to the MTFP, to improve space utilisation, reduce overheads and to ensure we follow best practice.**
- 5. Approve an update of the Councils Asset Management Plan for 2007 incorporating the findings of this review.**

4. BUILDING MAINTENANCE PROGRAMME

- 4.1 The Council uses the asset management process to link the way it manages property, evaluates future business requirements and prioritises spend on assets.

The Council has an annual programme of planned maintenance based on a rolling programme of property surveys and DDA requirements. These surveys inform the performance indicators highlighted in Appendix 1 and prioritisation for the building maintenance programme.

Building Maintenance Programme 2007-2010

- 4.2 The building maintenance programme is primarily directed at operational buildings (non-Housing) and excludes ring fenced funding, for example, HRA, Devolved Formula Capital.

YEAR	Response Maintenance	Planned Maintenance	Total
2007-08	£1,159,000	£1,172,000	£2,331,000
2008-09	£1,223,000	£1,157,000	£2,380,000
2009-10	£1,283,000	£1,148,000	£2,431,000

- 4.3 In addition to the mainstream building maintenance programme detailed above, the Council's built assets are also supported by stand alone schemes approved under the Council's capital and revenue programmes.
- 4.4 The Council has assessed the level of backlog maintenance in accordance with the National Property Performance Management Initiative performance indicators (PI's). This is highlighted in Appendix 1.

4.5 Schools

In line with ring fenced funding arrangements for schools, the local education authorities (LEA's) via the Children's Services Directorate has established a dedicated asset management function. This will ensure the appropriate funding and management of school property assets.

4.6 Housing

In 2004, Warrington Borough Council established an arms length management organisation (ALMO) to manage its housing stock. This ALMO, Golden Gates Housing, operates its own property management function, to ensure these assets are maintained and improved to the Decent Homes Standard, using ring fenced HRA resources.

4.7 Council Capital Planned Maintenance Programme

Over the next three years the table below shows that the Council proposes to spend a total of £70.7m on planned maintenance.

COUNCIL PLANNED MAINTENANCE PROGRAMME		2007/08	2008/09	2009/10	TOTAL 3 yrs
2006/07		£ million	£ million	£ million	£ million
8.127	Schools Building Maintenance	7.532	4.556	4.769	16.857
4.497	Council Building Maintenance	2.485	2.451	2.372	7.308
18.100	Decent Homes and Housing Maintenance	11.088	5.369	7.870	24.327
6.334	Highways and Transport Programme	8.762	5.778	5.951	20.491
1.979	Environmental Maintenance	1.408	-	-	1.408
0.100	Design and Feasibility Studies	0.100	0.100	0.100	0.300
39.137	TOTAL - Council Planned Maintenance	31.375	18.254	21.062	70.691

Source: Focusing on Our Priorities - Council's Medium Term Financial Plan for 2007/08 to 2009/10.

5. ASSET MANAGEMENT WORK PROGRAMME

5.1 The Council recognises the need to deliver practical, relevant outcomes where property is concerned. This AMP follows the 2002 AMP in setting out the Council's approach to asset management and highlighting a framework for use of property assets. The Strategic Property Review in 2006 highlights the practical evidence of the Council putting this approach into practice.

The work programme highlighted below sets out the major areas of practical asset management work the Council will deliver. Each project has a timescale and is linked to the Council's corporate ambitions and improvement outcomes.

ASSET MANAGEMENT MAJOR WORK PROGRAMMES				
CORPORATE AMBITIONS AND IMPROVEMENT OUTCOMES				
<ol style="list-style-type: none"> 1. Improving health and well-being and promoting independence 2. Making our communities safer, stronger and sustainable 3. Improving the local economy and regenerating our deprived areas 4. Improving transport availability, infrastructure and choice 5. Ensuring all children and young people have the opportunity to reach their potential 6. Transforming our organisation to deliver our outcomes 				
	Project	Project Detail	Timescale	Ambitions and Improvement Outcomes
1	Informing Capital programme with Capital Receipts forecast	Continuing assessment of disposal programme and forecasting capital receipt income to inform Capital Programme process. Three year rolling programme.	3 year rolling programme 2007-08 to 2009-10	6
2	Cardinal Newman School	Partnership with United Utilities to deliver new and improved sports and community facilities to rear of school and dispose of subsequent surplus land (site of current sports pitches and facilities), generating capital receipt	Complete new facilities and sale of land 2008-09	1, 3 & 5

ASSET MANAGEMENT MAJOR WORK PROGRAMMES				
CORPORATE AMBITIONS AND IMPROVEMENT OUTCOMES				
<ol style="list-style-type: none"> 1. Improving health and well-being and promoting independence 2. Making our communities safer, stronger and sustainable 3. Improving the local economy and regenerating our deprived areas 4. Improving transport availability, infrastructure and choice 5. Ensuring all children and young people have the opportunity to reach their potential 6. Transforming our organisation to deliver our outcomes 				
	Project	Project Detail	Timescale	Ambitions and Improvement Outcomes
3	Developments of Winwick Road and Time Square	Involvement in significant mixed-use development schemes as landowner with regeneration and financial potential. Seeking major development and infrastructure for Warrington, currently subject to planning inquiry February 2007	Dependent on planning issues	2, 3, 4 & 6
4	Warrington market	To follow the 2006 Blueprint for the Future report approved by Executive Board and continue to seek opportunities for improvement and investment in Warrington market	Ongoing	3 & 6
5	Wilderspool rugby ground	To seek major regeneration, infrastructure investment and financial benefit from asset as part of a development within the Arpley Bridgefoot Action Area	2010-2015	3, 4 & 6
6	Town Hall East Annex and baths site	Seek appropriate development and re-use of surplus asset	2010	3 & 6
7	Walton Hall Estate	Maximise business opportunity of asset, retaining ownership and access for public	2009-2010	1, 3 & 6
8	Orford Park	Development of sports village initiative with health facility involving significant partnering and national profile	2009-2010	1, 3, 4 & 5
9	Town centre office Lease renewals	Review and identify office accommodation needs for town centre, secure appropriate tenure	2007	6
10	Space utilisation and storage targets	Set benchmark, measure and monitor office accommodation space utilisation and storage usage against 2006 Strategic Property Review targets linked to MTFP	2007 - 2010	6
11	Asset Management property portfolio and service reviews	Continue process of 2006 Strategic Property Review, review all property assets on annual basis	Ongoing	6
12	Business Continuity	Property input to strategy in dealing with business continuity and emergency planning projects. Joint approach with IT to identify facility availability and options	2007 and future update	6
13	Customer Contact Strategy	Identify, acquire and refurbish customer contact centre for front line service delivery and customer care.	2007	6
14	Business Support Centre	Identify, acquire and refurbish business support centre as part of Common Business Process Review	2007 ongoing	6
15	Building Maintenance Programme	Three year rolling programme updated annually.	2007 - 2010	6
16	Energy Management	Annual programme of energy audits, invest to save schemes and housekeeping advice and assistance.	Ongoing	6
17	Accessibility and DDA	Annual programme of access improvements under BVPI 156	Ongoing	6