

ASSET MANAGEMENT PLAN 2009-14

1. OVERVIEW

Cheshire East has a population of around 359,000 and an area of 116,600 hectares and will be one of the largest local authorities in the North West.

The creation of the new Unitary Cheshire East Council provides a golden opportunity to bring together existing good asset management practices in the County and District Councils with best practice elsewhere to provide a model of excellence in high quality corporate asset management.

Property is Cheshire East's largest physical resource in financial terms and is fundamental in providing support to all Service users. Therefore, effective corporate asset management must be an integral element of high quality service planning and delivery.

Property is expensive to procure, manage and maintain, and can be inflexible in responding to changing service needs. It is essential that asset management is at the centre of the Council's corporate forward planning processes. Only in this way can the use and efficiency of the property portfolio be maximised to support and facilitate modern ways of working and make a long term, positive contribution to successful and efficient service delivery.

The Council will own a substantial portfolio of 603 major property assets, with an asset value of £440m, which will assist in the delivery of a wide range of services to the people of Cheshire East.

2. THE CORPORATE CONTEXT

Property asset management is an essential corporate activity championed by the Borough Treasurer and Head of Assets. It is an inclusive process involving Members, the corporate centre, Services, external partners and customers.

The Corporate Property Officer role is held by the Asset Manager, who has responsibility to report on all strategic property matters and is the designated Officer overseeing development of a comprehensive Asset Management Plan updated by annual review.

All key decisions affecting the Council's property and asset management policies are made by the Portfolio holder.

Cheshire East will deliver services through the natural communities and localities within its area. Easy access to services that are designed to meet customer requirements is essential and property is a crucial component to support, deliver and enhance these services.

The Corporate Property Strategy is based on the key aims set out in the Corporate Plan and the Community Strategy, and consists of two key documents covering the 5 year period 2009 – 2014:

- the Corporate Asset Management Plan – setting out action plans, management criteria and principles together with setting property targets & monitoring their performance
- the Capital Strategy – setting out criteria for capital expenditure together with spending and funding plans to support capital programmes.

The key to asset management strategies and their foundation is the long-term sustainable Community Strategy and local priorities. The Council must be clear about its 'place shaping' objectives and review its arrangements for corporate and cross service working, and cross sector working to ensure:

- a linkage between sustainable community strategy and property asset objectives/priorities;
- the full involvement of all key customer and service areas;
- a clear distinction between strategic and operational decision making;
- clear reporting lines to a strong corporate centre;
- effective engagement of overview and scrutiny members in identifying value for money opportunities;
- the integration of the Capital strategy and Corporate Asset Management Plan

The integrated Corporate Asset Management Plan and Capital Strategy will be supported by a further range of policy and guidance documents which will be completed by September:

- Area and Service Asset Management Plans – identifying those issues facing a specific area of Cheshire East or a Service, their property implications and key actions to deal with them over a 5 – 10 year period
- Office Accommodation Strategy – setting out planned changes in office requirements over a 5 year period including the impact of flexible and mobile working
- Property Maintenance Plan – identifying condition assessment criteria and prioritisation of planned maintenance items over a 5 year period

- Asset Disposal Plan – identifying a 5 year disposal programme to deliver capital funding requirements
- Capital Projects Procurement Plan and the Capital Building Programme – setting out the means by which new projects are procured
- Sustainable Construction Policy - setting out standards for construction, materials and energy use in new buildings
- Design Guide – setting out planning policy and design influences for Council developments

3. CORE ASSET MANAGEMENT PRINCIPLES

Property is a corporate resource and the following key principles apply to its management:

- Land and buildings will be made available to Departments and Service Providers for the delivery of public services. All property assets are corporately 'owned' by the Council with the Borough Treasurer and Head of Assets being the 'Landlord' and user services the "tenants" of all property.
- Property will be held only if it is required to meet operational need or if it contributes demonstrably to one of the Council's corporate aims. For example, holding an investment portfolio that generates a surplus to fund and improve core service provision and/or provides employment opportunities to the local economy. Any property not required for operational purposes or no longer achieving investment performance criteria will be promptly sold.

In support of these key principles, the Asset Management Service will work:

- To provide a property portfolio of optimum size, suitability and condition to meet the Council's business needs
- To continuously review operational requirements and property performance to ensure that changing needs and corporate aims are anticipated and met
- To challenge the basis for holding or acquiring properties in the traditional way, exploring partnerships and new ways of working wherever appropriate
- To reduce over time the financial resources tied up in property, both in terms of capital and revenue expenditure.

- To ensure that property decisions are fully justified against measurable criteria, demonstrating a clear business case and best value for money

4. ASSET MANAGEMENT AIMS & OBJECTIVES

In managing our property we aim to:

- Continually review the property portfolio to ensure that it is fit for purpose to deliver the services required
- Look at all property used and not just focus on what is owned
- Be clear about how decisions are made about what to acquire, what to use and invest in, and what to sell
- Maintain a robust measurement and reporting system to ensure that property performance is closely monitored and appropriate action taken
- Implement decisions in an efficient and effective manner and continually monitor performance

5. PROPERTY MANAGEMENT ACTIVITIES:

In order to achieve the above objectives, we will focus on the following priorities:

IMPROVED CORPORATE ASSET MANAGEMENT

- Assists the Council to take account of significant trends affecting property and its procurement and in developing strategies to deal with them. For example, demographic changes, planning policy, construction practice and major Government initiatives
- Supports and undertakes property review and option appraisals for individual Services and stakeholders in planning for changes to meet corporate objectives
- Provides an information service for property users which is accessible, accurate and aids decision making on individual projects
- Provides regular reports to Members and Senior Officers allowing appropriate decisions to be made in accordance with Corporate and Service priorities

BETTER USE OF RESOURCES

- Continuously assess the condition of properties in order to quantify and prioritise maintenance spending to improve the condition and suitability of the portfolio
- Undertake whole life costing on major building projects to obtain the best balance between capital and revenue investment
- Continuously monitor property performance, energy and running costs to optimise use and improve efficiency.
- Maximise receipts from redundant properties for reinvestment in Service delivery and modernisation

INCREASED FINANCIAL ACCOUNTABILITY

- Manages construction and maintenance projects in an efficient and timely manner using the most appropriate procurement methods including partnering arrangements with objective project reviews on completion to achieve continuous improvement
- Ensures that property disposals are carried out efficiently and receipts are maximised to contribute to the funding of the Capital Programme
- Optimises financial performance and return from all income producing assets

INCREASED CUSTOMER SATISFACTION

- Seeks to ensure that customers have a good experience when visiting properties that promote a positive image of the Council.
- Seeks new ways of providing services through rationalisation of properties, partnering arrangements or alternative ways of flexible and mobile working where beneficial
- Takes advantage of regeneration projects to enhance opportunities for providing services closer to local people
- Undertakes reviews of completed major projects with Services and stakeholders to assess 'fitness for purpose' and inform future developments
- Helps Services and their stakeholders to facilitate suitability and sufficiency assessments of the existing property portfolio

COMPLIANCE WITH STATUTORY CODES/CHANGES IN LEGISLATION

- Puts in place procedures and inspection regimes in order to comply with legislative requirements e.g. asbestos, Legionella and disabled access, to ensure a safe and healthy environment for all property users

ENVIRONMENTAL IMPROVEMENT

- Develops policies for both existing and new Council buildings including design, construction standards and environmental sustainability

6. KEY PROPERTY OPPORTUNITIES AND ISSUES

- The new Unitary Council provides the opportunity to ensure a fully corporate approach to asset management by ensuring that all properties are managed from the outset by the Asset Management Service
- Staff office accommodation is a crucial element influencing the way the Council works which will impact on the delivery of services. Adopting flexible and mobile working for staff will provide opportunities to create modern flexible offices with increased utilisation reducing the amount of office space needed and providing service access for customers where required.
- Property review is an essential part of the asset management process and the amalgamation of County and District property portfolios should create opportunities for the rationalisation of properties. This will enable buildings not meeting current Service needs, and/or in poor condition/in the wrong location to be sold to provide funds for reinvestment in Service delivery.
- Many Services are moving away from being a totally dependent on Council owned buildings. For example, there is greater emphasis on people with learning disabilities using existing community facilities such as Libraries, Community Centres, Church/Parish Halls and Leisure Centres instead of attending a dedicated Council provided Day Centre.
- The condition of the building stock is beginning to decline due to year on year reductions in the maintenance budgets and the increasing age of the stock, resulting in an increase in maintenance backlog. A significant proportion of repairs need to be carried out over the next 5 years to prevent a serious deterioration in the condition of buildings.
- Increases in energy costs are having a major impact on overall building running costs. A number of energy suppliers are on 3-year fixed price

contracts which have cushioned the full impact of the rise in prices. However, it is essential that energy saving measures are fully embraced so that buildings are as energy efficient as possible.

- The economic downturn has caused
 - a significant reduction in actual and anticipated capital receipts to assist in funding the capital programme
 - reduced rental income due to tenants becoming insolvent, increased voids and difficulties in finding new tenants
- The introduction of Comprehensive Area Assessment (CAA) in 2009 represents a fundamental change in the approach to performance improvement for the Council. It recognises that the Council and its partners play a broader role in leading their communities by supporting the development of the local economy, responding to the needs of an increasing older population, improving environmental sustainability, tackling climate change and reducing crime and inequalities. The interconnected nature of these challenges highlights the importance of effective asset management in delivering better results for local people.

The proposed CAA Key Lines of Enquiry for assets will focus on whether the Council has:

- a strategic approach to asset management based on an analysis of need to deliver strategic priorities, service needs and intended outcomes
- manages its asset base to ensure that assets are fit for purpose and provide value for money
- works with partners and community groups to maximise the use of its assets for the benefit of the local community

There will be a greater emphasis on outcomes and the quality, use and benchmarking of data to measure these.

- The Quirk Review (May 2007) made recommendations to encourage more community management and ownership of public assets, and this is now part of Government policy. Some transfers of assets to community groups have already successfully taken place but further opportunities will be explored and pursued as appropriate. The full Asset Management Plan will include a policy for the community transfer of assets.
- Appendix 1 lists a number of specific Departmental property matters to be addressed. These will be prioritised in accordance with the Council's key aims and objectives, in consultation with Services and through effective business planning. This is by no means an

exhaustive list and it will be regularly reviewed, updated and reported to Members.

APPENDIX 1

SPECIFIC PROPERTY ISSUES – MARCH 2009

PEOPLE

Children and Young People

The Government's priorities for children and young people are the delivery of the Every Child Matters agenda and the continuing pursuit of higher standards of achievement for pupils. The strategy will deliver projects that meet the local priorities but also the following key programmes

- The Sure Start Children's Centre programme
- Extended schools/community use
- The Building Schools for the Future agenda
- The Primary Capital programme
- Raising standards in the primary and secondary sectors
- Diversity (e.g. expanding popular and successful schools)
- Inclusion (e.g. providing efficient and accessible high quality provision for pupils with special education needs and disabilities)
- Schools workforce reform
- The 14 –19 Agenda
- National Curriculum requirements
- Addressing pupil behaviour and attendance
- E-learning
- School security
- Other ministerial priorities e.g. sustainable development and school transport

Schools – In response to the 'Every Child Matters' agenda, significant demographic change, falling pupil roles and rising surplus places, Children's and Young People Services embarked upon a challenging process of schools organisational review under the banner of "Transforming Learning Communities" (TLC) A Case for Change. Having been the major priority for school capital expenditure over the last four years this programme has delivered significant structural change integrated with the Children's Centres capital programme, review of Special Educational Needs (SEN) provision and development of extended school opportunities.

In line with a new 15 year 'Primary Strategy for Change' capital funding criteria DCSF had provisionally allocated the County Council £14.4m for the period 2008-2011 with an opportunity to further develop the Strategy for additional funding over the remaining 12 year period.

Priorities for the first two years have emerged through the TLC Review of which the major schemes are:

1. Vernon Infant/Nursery School and Junior School to be amalgamated on the junior school site.
2. Development of a Joint Faith Primary School in Macclesfield.
3. Cledford Infant/Nursery School and Junior School to be amalgamated on the junior school site.
4. Middlewich Infant/Nursery School and Junior School to be amalgamated on the junior school site.
5. Other smaller schemes and latter elements of current schemes also included in the initial two year funding phase.

Following Building Schools for the Future (BSF) guidance received in September 2008 an Expression of Interest (EOI) bid was submitted to attract funding that would address the most severe educational and social need. To achieve a coherent approach it is proposed that the initial focus from April 2009 should be on the Crewe locality and include the following schools:

1. Kings Grove High School
 2. Ruskin Sports and Language College
 3. Shavington High School
 4. Sir Thomas Moore RC High School
 5. Adelaide Special School
 6. Springfield Special School
- **Children's Social Care Establishments** – these include a small number of residential care homes for children which are no longer fit for purpose and a similar number of family centres which in conjunction with other agencies provide a range of specialist services for families requiring intensive support. The majority of these properties fall short of current aspirations for social care provision and require fundamental review.
 - **Adults with Learning Disabilities** – many Day Centres are tired and out of date. Some are the wrong size and in the wrong location. Users of the Centres are increasingly polarising into those who need and can benefit from a range of integrated community facilities with support and those who are far more dependent or challenging and who need substantial support in a safe environment. It is anticipated that the existing long standing provision of Day Centres will need to change and reduce over time as people are enabled to use buildings in their local area such as Leisure Centres, Community Centres and Libraries. This will require a fundamental review and rationalisation of the current Day Centre property portfolio. Building based services would need to continue to be provided for high dependency users.

The provision of a new residential facility for high dependency adults with learning disabilities is currently being planned in partnership with

an RSL. This will involve the re development of a site at Willaston Crewe. . This development will enable users who are currently in placements out of Cheshire to return to live in their local area and also provide significant revenue savings from reduction in very costly out of county placements.

- **Adults with Physical and Sensory Disabilities** - existing Day Centres provide limited facilities for people with a visual disability, fail to meet many of the needs of young people and are not necessarily suitable for future service delivery. It is proposed that the current traditional buildings based service will develop into a Resource Centre model which would provide a range of services from one central location with multi-agency involvement. It is also the desire of service users & their carers to have extended service provision during evenings and weekends.
- **Adults with Mental Health Needs** – local services are integrated with health and social care needs. This involves PCT's (Primary Care Trusts), the Partnership Trust, voluntary groups, service users and carers working closely from co-located buildings. However, some of the buildings and offices occupied by joint mental health teams are not suitable both in terms of their location and facilities and will need to be reviewed as part of the wider office accommodation strategy.
- **Community Wellbeing** – this Service deals with the least advantaged people in the community and aims to give people choice, a greater voice, increase people potential and where possible, prevent disadvantage. A Supporting People Team and Supported Employment Team currently based in Middleswich are shortly to be relocated as the building is to be sold to a commercial developer.
- **Community Support Centres (CSC)** – reconfiguration of respite and day care services to older people will be a key priority for the new Council. Current centres provide respite care for frail and vulnerable older people, to assist them to remain in or return to their own homes. A major review CSC's commenced prior to the LGR decision and was subsequently "parked" until the two new Unitary Councils established. Revisiting the CSC review must be a priority for the new Council as the current buildings are generally in poor condition and the development of Direct Payments is a further driver for change.
- **Libraries** – the building stock dates predominantly from the 1970's with the network and service point locations being unchanged from the pattern inherited as part of the 1974 Local Government Reorganisation. A County-wide review of the Service was carried out in 2007 but was not implemented due to LGR. This review now needs to be revisited to fundamentally assess community needs and provide a modern library service that meets community needs as well as providing accommodation for community use.

- **Registration** – this Service is provided from town centre locations in Crewe and Macclesfield together with some part time facilities in at public buildings in Sandbach, Congleton, Handforth and Knutsford. The Crewe Register Office is affected by the proposed town centre redevelopment and will need to be relocated if the redevelopment proposals progress. Macclesfield Register Office is located in a listed building in Park Green. It is under utilised as result of access restrictions to 1st floor and it does not provide modern marriage facilities which makes it difficult for the Register Office to compete with for marriage business with hotels and leisure venues in the area. The Register Office is situated within the area of the proposed Macclesfield Town Centre redevelopment and this could present an opportunity to relocate to alternative premises in Macclesfield Town Centre.

PLACES

- **Highways Depots** – County Council and District Highways teams have shared the same local depots for a number of years. However, some of the Depots are outdated and in poor condition and the opportunity should now be taken to rationalise and improve Depot facilities.
- **Passenger Fleet Driver Bases** – the range, quality and complexity of work carried out from these bases has increased dramatically over the past 10 years. As a result, the current bases, which in most cases do not provide secure overnight parking for vehicles are not fit for purpose.
- **Regeneration** – a review of the Council's investment portfolio is required to assess whether properties are meeting performance targets and justify the capital investment.
- **Waste – Operational Landfill** - the County Council had been progressing a Waste Treatment contract through a PFI scheme to address the requirement for a more sustainable solution for disposal of household and trade waste.
- **Household Waste Recycling Centres** – the majority of Centres are run by a contractor by way of leases until 2023. Some Centres had been recommended for closure and new sites are needed for modern replacements.

CORPORATE

- **Office Accommodation** - there is a need for additional office accommodation to accommodate the amalgamation of staff from all Councils and also staff transferred from Cheshire County Council previously based in West. This will require the development of a robust Office Accommodation Strategy that provides modern and flexible office space based on strict space standards and the adoption of FMW principles.

- Potential redevelopment of Middlewich Civic Hall and land off Civic Way, Middlewich - identification of property rationalisation opportunities with Middlewich Town Council, Primary Care Trust and Cheshire Police.