

MANCHESTER CITY COUNCIL

COMMITTEE: Resources and Governance Overview and Scrutiny Committee
DATE: 6 September 2007
REPORT OF: The City Treasurer
SUBJECT: Manchester City Council Asset Management Plan

PURPOSE OF REPORT:

To appraise the Scrutiny Committee of progress made on the development of the City Council's Asset Management Plan (AMP) since the last report to Finance and General Purposes Overview and Scrutiny Committee on 8 February 2007.

RECOMMENDATION:

That the Scrutiny Committee note the progress being made to develop the AMP as the principal overarching policy document for the efficient and sustainable utilisation of the Council's property portfolio.

FINANCIAL CONSEQUENCES FOR THE CAPITAL AND REVENUE BUDGETS:

1) Capital Budget.

The combined AMP/DDA/ Fire and Legionella/City Centre Liabilities budget for 2006/7 was £13M. Out of this budget £6.5M has been spent and the balance carried forward but committed against agreed works. The budget for 2007/8 is £15.3M and £11.5M for 2008/9 giving a total budget of £26.8M over the next 2 years. The current committed programme of works for these 2 years is £24.5M.

The projected backlog maintenance (excluding the Town Hall complex) has been estimated at circa £96M. This figure can now be reduced by £11.9M as a result of work carried out in 05/06 (£4.3M), 06/07 (£6.5M) and 07/08 (£1.1M to date) that relate to the backlog schedules. As condition surveys are being completed the picture of the extent of the backlog repairs are becoming much clearer. The estimates have previously been made on the basis of historic information but more precise costing become possible as a greater number of surveys are completed. Checks are in place to ensure that the repairs are in line with the long-term strategy for premises and opportunities are being taken to programme work as efficiently as possible.

2) Revenue Budget

The application of asset management principals will drive a significant reduction in the revenue costs of the portfolio, along with revenue savings that can be made by more efficient use of premises through property review.

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1 Introduction

In March 2006 Valuation & Property Services published a completely redrawn Asset Management Plan (AMP). This AMP which needs to be read in the context of the wider changes underway across the Council to improve service delivery across the full range of services, provides an over-arching framework within which to plan, co-ordinate and control the various strategies and initiatives designed to maximise the efficiency with which the estate is managed in support of overall Council goals, and describes the significant progress that has been made to date in pursuit of these objectives.

2 Development Progress

In addition to being a statement of position at a point in time, the AMP was designed to be a living document to be developed in its own right. In line with this philosophy, an updated document was drawn up in March 2007 drawing on the progress that had been made during the preceding year. For the benefit of the new Scrutiny Committee, this document is attached at **APPENDIX I**. The appendices are lengthy and therefore not attached, but can be made available on request

Section 7 of the document provided an action plan for the development of the AMP. This is presented in **APPENDIX II** in the form of a position statement against each of the identified objectives and actions.

The implementation of Corporate Landlord, with all property being owned and managed centrally, will provide opportunities for portfolio rationalisation providing capital receipts from the sale of surplus property. The centralised approach will also ensure that more efficient and appropriate use is made of the AMP spend programme to improve retained assets and reduce backlog maintenance.

3. Summary

Good progress is being made on directing AMP spend to address backlog maintenance. Properties are being assessed to measure their performance and to ensure that value for money is obtained from the investment. The approach to Asset Management Planning has been recognised as positive progress by the Audit Commission who consider Asset Management as part of the Use of Resources and Corporate Assessment which contributes to the overall Comprehensive Performance Assessment of the Council.

APPENDIX I:

Asset Management Plan March 2007

APPENDIX 11

AMP Action Plan

MANCHESTER CITY COUNCIL

Asset Management Plan 2007

Prepared by Manchester City Council Valuation and
Property Services

March 2007



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Foreword

Manchester City Council is committed to the consistent provision of top quality, cost effective services. During the past year under the umbrella of the Manchester Improvement Program, every division commenced a ground-up review of its service delivery to ensure outturn is focused clearly on the needs of our customers, the residents, businesses and visitors to our City.

Within this framework the Council fully recognizes the importance of its property assets and the role they play in improving the delivery of services.

This Asset Management Plan has been designed as a living, evolving document providing clear focus and priorities for the effective and efficient utilization of these property assets over the next three years and beyond in support of corporate and service objectives and in so doing improving the quality of life for all of our stakeholders.

Councillor Sue Murphy
Executive Member, Finance & General Purposes
Manchester City Council

Executive Summary

Manchester City Council (MCC) is committed to improving the way in which it manages all of its resources – including its property assets. This Asset Management Plan (AMP) which needs to be read in the context of the wider changes underway across the Council to improve service delivery across the full range of services, provides an over-arching framework within which to plan, co-ordinate and control the various strategies and initiatives designed to maximise the efficiency with which the estate is managed in support of overall Council goals, and describes the significant progress that has been made to date in pursuit of these objectives.

Asset Management in the Context of Corporate Aims and the Manchester Improvement Plan

Improving the management of land and building assets is a key corporate objective of Manchester City Council. Effective asset management will produce financial efficiencies over the long term. It will ensure that the property assets of the Council are appropriate to the needs of the community and of users of Council services.

The Council has a corporate objective to deliver major service delivery change which will enable a greater focus on frontline services. The Manchester Improvement Plan (MIP) is the instrument for delivering a range of changes to the way that the Council and its Departments operate. Its implications are radical and far reaching and will need long term plans of action and delivery and adequate resourcing.

In the area of Asset Management, the Council is making important and wide-ranging changes which not only represent good practice in asset management planning but which are fundamental to delivery of the MIP objectives for the service area of Valuation and Property Services Division.

Asset Management To Date

The Council has recognised that it needs to make some major advances in its approach to asset management planning to secure real and long lasting results. A major step was taken last year with the publication of the 2006 AMP, replacing the previous 2002 document. Since the publication of the 2006 AMP, further positive steps have been taken. These include:

- Ordering of new Property Records System (go live date June 2007).
- Quality of existing property data cleansed.
- Data collected on operational estates currently in departmental ownership as first step of move to corporate ownership.
- Improved assessment of the level of outstanding maintenance.
- Implementation of new process for managing the maintenance of the property estate.
- Improvements have been made to the manner and degree of reporting at both corporate and Executive Member level.
- Development and publication of a Heritage Assets Strategy.
- Development and publication of a Voluntary & Community Sector Strategy.
- Consultation Property Strategy published.
- Further development of the 'Gateway' approach to decision-making around capital investment across the Council.
- New protocol for suitability audits developed.

The fostering of closer working relationships with service delivery occupiers has led to a marked improvement in the joined up working between these departments and the Valuation & Property service, but there is still significant room for this to get better. The transfer of ownership to a single corporate landlord will provide a very clear framework upon which to develop this. A further challenge has been initiating the process of seeking to clarify overall corporate property requirements at a time when all departments of the Council are in the middle of MIP reviewing their service delivery.

As referred to above, the MIP will enforce major change on all Council Services. In the field of Asset Management Planning, it is already starting to act as the stimulus to major and sustained change, backed by appropriate structures and adequately resourced – both in terms of capital expenditure, property revenue money and staff expertise and resources. The real benefits will start to show as service delivery plans become more firmly established.

A Move to Corporate Property Ownership

The Council is to centralise the ownership of all property assets and the centre will act as a corporate landlord. This process will take place as a key part of MIP. To ensure client confidence in the new organisation from day one it is essential to get the foundations of the structure soundly in place to ensure the infrastructure is in place to support the new processes. We have set ourselves the challenging target of implementation on 1st April 2008.

This will require appropriate re-allocation of property capital and revenue budgets and of property personnel along with supplementary resources as necessary by use of the framework agreement with the private sector. The department is currently reviewing options for structural change to meet its revised objectives.

There are major financial efficiencies to be gained from a corporate approach to property ownership and management. The Council will make use of economies of scale and centralised expertise. There will be revenue savings on the overall "cost" of asset management across the Council along with the potential for significant capital receipts from the sale of surplus property.

Corporate ownership will also bring efficiencies in terms of management decision-making and will enhance effectiveness in meeting service delivery objectives. In this way, more consistent connection will be made between asset management decision-making and investment and the key corporate objectives of the Council.

Although the re-allocation of asset related savings will need to be agreed corporately, it is critical that additional capital resources are directed towards major backlog maintenance investment. This must be in the context of effective decisions about operational properties to be retained and used to their optimum. It will also be essential that some savings achieved under the MIP are re-directed to ensure that the corporate property management function is properly resourced.

When this is achieved, the Council will put in place, over a period of up to three years, a high quality asset management planning process which delivers long lasting financial and service delivery benefits to the Council and the Communities of the City that it serves.

Delivery of effective corporate property ownership will require further changes to asset related decision making. Member involvement and scrutiny needs to be further strengthened and extended, building on work already started.

Critical has been the need to develop more robust and useable asset related data, and much effort and resource has been committed to this over the past year.

Key Asset Challenges

As well as developing more effective asset management planning arrangements, the Council must deal with some very significant asset challenges.

The positive work and strong reputation of the Council in supporting urban regeneration activity needs to be continued and further developed.

The Council is implementing its Property Strategy related to office functions which centralises activity in the Town Hall complex and makes more effective use of this key resource. This Strategy encompasses and incorporates significant elements of the major expenditure needed to address the maintenance issues affecting the Town Hall complex and create a workplace that meets modern office accommodation standards. Due to the sensitive and listed nature of this asset, this is a complex challenge and good progress has been made in moving this forward during 2006.

Beyond the Town Hall, attention is being focussed on addressing the other maintenance backlog issues affecting the remainder of the estate.

The Council is considering the development of a network of locations where Council services are shared or co-located and where services are delivered in conjunction with other partners. Effective asset management planning will be critical in supporting this key policy objective.

Asset management planning processes have been reviewed and improved, particularly in the field of planned maintenance, and the challenge is to ensure that, combined with other asset strategies, these continue to translate into a marked reduction in the level of backlog maintenance.

1 Introduction

The Key Role and Importance of Asset Management Planning

□ Service delivery benefits:

The drive towards efficiency, effectiveness and economy has accelerated the pace of change in the way that MCC organises its service delivery. Property plays a key role alongside people, finance and information in delivering better services.

Service delivery is directly affected by the way we provide, use and manage our property. Housing a service in a suitable building in the right location can make the difference between users experiencing a good or a poor service.

Effective Asset Management Planning minimises an Authority's exposure to premises costs thereby enhancing the financial performance of the Authority and improving the range and quality of services provided to the community. Specific results in terms of service delivery are as follows.

- Better alignment of accommodation needs with service delivery goals.
- Flexibility of design resulting in reduced costs of "churn" (ie, the percentage movement, relocation, etc of employees in any one year).
- Improved service delivery, *and* improved perception of service delivery by the community.
- Higher quality work environments specifically catering to business delivery and employee needs.
- Equitable redistribution of space based on functionality and need.
- Properties that comply with the latest workplace management and buildings legislation.
- Spaces that enable the efficient use of resources in operation and maintenance.
- Employee satisfaction (and productivity improvement) within a more "intelligent" working environment.
- Effective planning provides opportunities to co-locate agencies with like service provision or customer base. This provides ease of access to multiple government services and makes the authority more user-friendly for face-to-face encounters.

□ Financial gain

Accommodation costs are one of an organisation's highest recurrent expenditure items. Any strategy, which delivers efficient management of these costs, means stronger financial performance. Specific results in terms of financial gain are as follows:

Asset Disposals: A planned disposals policy to realize capital receipts from unsuitable/surplus property and reduce overall equity tied up in service delivery.

Capital Expenditure: A well-developed corporate AMP more closely ties premises usage and capital investment in property to service delivery plans. Limited corporate capital resources can then be better targeted to objectively prioritised areas.

More Efficient Use of Buildings: Better space planning and co-location opportunities from sharing space with other services will also result in cost savings from reduced space use and other resource efficiencies along with better service delivery.

Revenue Running Costs: A reduction in the overall premises running costs resulting from the rationalization of the corporate estate and the more efficient use of buildings in terms of maintenance costs and energy use.

Reduced Construction Costs: Use of framework (partnering) arrangements procured in line with the MCC procurement strategy.

□ Responsive to policy objectives

A number of policy objectives for improvement to local government services are set at national level by government. These include improvement to the Customer Service Interface; the Gershon Review on efficiency; the Prudential Code; the Comprehensive Performance Assessment (CPA); Whole of Government

Accounts and Depreciation Based Support; Freedom of Information Act; The Disability Discrimination Act (DDA) and the new guidelines for Asset Management In Local Government 2004.

All of these initiatives encompass in some way the objectives of more efficient use of resources (delivering more with the same resources) or releasing resources (delivering the same or more with less resources). A well designed corporate AMP is essential to achieve the property outcomes for these policy objectives.

The Manchester Improvement Programme (MIP) is *the driver of organisational change for the City Council to meet policy objectives* (see also below). It focuses on efforts to make life better in Manchester. It outlines the key priorities for improvement and describes how the plans and strategies in place fit together and contribute towards delivering improvement against priorities. All other drivers for organisational change (and hence asset needs) are to be analysed, prioritised and actioned through MIP. All Service Improvement Projects (SIPs) under MIP are currently including asset reviews to update the corporate AMP. These will explore rationalisation and using the retained estate more effectively and efficiently to meet the changing policy objectives.

❑ The Manchester Context

❑ About the authority

Manchester stands at the heart of the North West of England, the UK's largest economic region outside London. The gross domestic product of the region is larger than that of four of the Member States of the European Union. Within this region Manchester is the focus for commercial, financial, educational and cultural activity.

❑ Scale and population

The city is densely populated with 441,000 people (August 2006) within an area of 117 square kilometres. The city is 14.3 miles long and at its widest 5.2 miles wide. This is the urban core of the Greater Manchester conurbation. The city is different from most other core cities in that there are relatively few wealthy suburbs within the city's boundaries.

Whilst the economy has been restructured and new jobs are being created, the city is still tackling the social and physical legacy of 20 to 30 years of economic decline. Manchester is the third most deprived district in the country. 234,000 people live in the 60 percent of our neighbourhoods (measured by Super Output Areas) that are in the worst 10 percent nationally.

❑ Economic strengths and weaknesses

In common with other Northern Cities in the late 20th century Manchester suffered a massive decline in manufacturing and severe population loss, but since then Manchester has moved ahead. Manchester has emerged as the key economic driver of the north of England. The city region has a gross value added (GVA) of £47billion per annum equivalent in broad terms to the output of Leeds, Liverpool and Sheffield combined. The city's economy has diversified and new high value added and knowledge based jobs have been created. In the last five years there has been over £2billion of private sector investment into the city and over 45,000 new jobs have been created.

Manchester's economic success is sustainable because it is based on expansion in private sector services, not simply growth in the public sector. Manchester is the only UK city outside London in the top 20 European business destinations. The city's key economic assets now include the airport, the universities, high value added manufacturing and the north's centre for growth in media and creative industries.

❑ Structure of the Asset Management Plan 2007

The Asset Management Plan (AMP) 2007 is structured as follows.

- ❑ **Section 2** identifies the critical policy priorities and objectives that drive the work of the City Council and provide the key context for decision-making about asset management.
- ❑ **Section 3** explains the framework within which Asset Management Planning is managed and controlled.
- ❑ **Section 4** describes the Council's approach to AMP and the key objectives for improvement.
- ❑ **Section 5** reviews the nature and performance of the Council's existing asset portfolio.

- ❑ **Section 6** looks at the pressures on future service delivery and how this will change at a corporate and service area level. The asset management processes need to respond effectively to these pressures for change.
- ❑ **Section 7** explores the pressures on assets and asset planning over the coming period and identifies gaps and areas for improvement. It highlights options for change and outlines future strategic directions.
- ❑ **Section 8** summarises the key asset management planning actions required over the coming period.

2 Corporate Priorities and Objectives

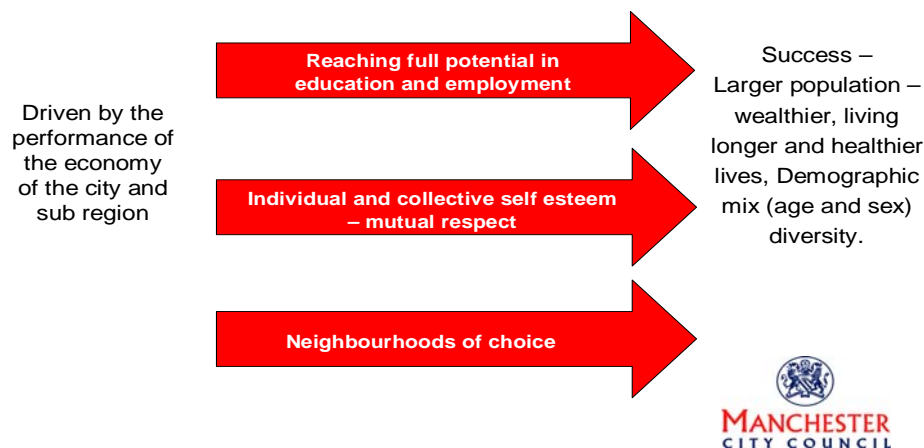
□ Manchester's Vision

By 2015 Manchester will be:

- A world class City, as competitive as the best international cities.
- A Knowledge Capital driving education and employment,
- A City that stands out as uniquely enterprising, creative and industrious. An inspirational, welcoming and inclusive City; continuously striving to go further.
- A City of opportunities; which invites and inspires people to succeed.
- A City whose population is highly skilled, motivated and wealth creating. A population contributing to and benefiting from the City's success; individuals achieving their full potential and having a great sense of participation and well-being.
- A City of successful neighbourhoods which attract and retain successful people from diverse communities and in which people feel secure and supported.
- A green City proud of its rapidly improving local and global environmental performance and the contribution of the environmental sector to economic growth.

The integration of the different elements of the vision and the direction of travel can be represented as:

Manchester – A World Class City







The three arrows at the centre of the diagram are the core drivers of success. They take the economic success described on the left and connect it to the better outcomes for Manchester people described on the right. We call the arrows spines because they cut across and support all of the actions required for success.

The pre-requisite to the spines is to create the conditions for sustainable economic success. The first of the three spines is for more of the people of the City to connect to our economic success and achieve their full potential through education and employment.

Recognising that people who reach their full potential often choose to leave the City, the bottom spine is to build truly sustainable communities where people choose to live because of the quality of life on offer.

The middle spine connects and supports the other two. This recognises that public services on their own cannot achieve these things. Partner agencies will facilitate and support individuals and communities to achieve their full potential, to raise their ambitions, to have mutual respect both for themselves and their communities. Everything we do in the City is focused on the realisation of these spines.

❑ **Manchester’s Values**

Corporate Values		
Our Corporate Values Are:		How Property Strategy relates:
	Pride in Our City We take pride in our City and the contribution we make to its success. We are committed to continuously improving the quality of life in Manchester	<i>“We are committed to providing a quality estate that we can be proud of and reflects the significance of Manchester at a national and international level. “</i>
	Community Focused We recognise that a successful city relies on the success of its neighbourhoods and communities. We want to meet the aspirations of all Manchester citizens by empowering communities and embracing their diverse identities.	<i>“We will actively support community focused service delivery embracing partnership working and multi-agency teams in providing the right space at the right time in the right place for the local community to access services.”</i>
	People Focused People are at the centre of what we do. We will achieve an excellent standard of customer service by acting with speed, efficiency and respect	<i>“We will provide an excellent standard of customer service by acting with speed, efficiency and respect in our dealings with both internal and external customers, maximising accessibility to services in terms of location, DDA, etc.”.</i>
	Responsive and Accountable We value the contribution of residents, employees and partners. We will communicate clearly and openly about our decisions and actions and the reasons for them	<i>“We will actively involve partners and stakeholders in developing the corporate estate to meet service needs. We will communicate clearly and openly about our decisions and actions and the reasons for them.”</i>
	Valuing Our Employees We value our employees and we will support and encourage their development in working hard to develop better services.	<i>“We value our employees. We will provide premises with a working environment that is both pleasant to work in and designed to support them in delivering better services”</i>

❑ **Community Strategy**

Developed by the Manchester Local Strategic Partnership (MLSP) a broad-based partnership of local, regional and national organisations representing the public, private and voluntary and community sectors the Community Strategy is the key mechanism for delivering improved public services in the city providing the framework for regeneration and service improvement over the next ten years.

❑ **Asset Management Planning in the context of Use of Resources**

The Audit Commission assesses the performance of councils and the services that they provide for local people. Their assessments help councils to focus on areas for improvement. As property is the second most important/expensive resource after staff its effective use features highly in this consideration. Particular issues the Council is seeking to address through its Asset Management Plan are:

- ❑ The Council has an up to date corporate capital strategy linked to its corporate objectives and medium term financial strategy.
- ❑ The Council has an up to date asset management plan that details existing asset management arrangements and outcomes, and planned action to improve corporate asset use.
- ❑ The Council maintains an up to date asset register
- ❑ The Council has a designated corporate property function
- ❑ The Council's arrangements for reporting to members are sufficient to ensure they fulfil their responsibility in relation to the Council's land and buildings portfolio at both a strategic and service level
- ❑ The Council has an annual programme of planned maintenance based on a rolling programme of property surveys with progress reports to the AMP Board.
- ❑ The Council has assessed the level of backlog maintenance.
- ❑ The Council's capital programme gives priority to potential capital projects based on a formal objective approval through the established Gateway process.

❑ **Priorities**

The Community Strategy has identified key objectives that will all contribute to achieving Manchester's vision. The Property Strategy has a vital role to play in achieving each and every one of these objectives.

Priorities	
Manchester City Council	How Property Strategy relates:
To create the conditions for sustainable economic growth.	"We will actively use our property assets to support the local economy and the development of improved transport links." Whole life costing approaches will be used to determine asset strategies and develop projects to ensure that decisions are made that future proof the long term viability of the assets. We will aim to reduce the carbon impact of our buildings, and where feasible, use renewable and other low carbon technologies to support the transition to a low carbon economy.
To enable people to reach their full potential through education and employment.	"We will actively work to maintain and develop our Educational Property Assets to ensure local communities have access to quality education at all levels and support local employment."
To enable individual and collective self-esteem and mutual respect.	"We will actively work to maintain and develop our Operational, Heritage Environmental and Community Assets to ensure local communities have access to quality arts, sport leisure, nature based and cultural activities."
To develop neighbourhoods of choice.	"Development briefs and planning policy will reflect best practice in protecting and promoting environmental issues whilst ensuring the safety and security of both staff and the public is a priority in designing, developing and maintaining our buildings."
To enhance the delivery of the full range of Council services through the Manchester Improvement Programme, closing the gap between ambition and capacity to deliver.	"We will work to provide the right space at the right time in the right place at the right cost."

❑ Manchester Improvement Programme

The Council has entered an exciting new era of improvement, made possible by the latest technology, and driven by our vision for Manchester and the need for better customer service.

The Manchester Improvement Programme (MIP) was originally known as the Corporate Improvement Programme. The name was changed because the programme is not just about changes to the Council's corporate function. MIP is about the whole Council changing to provide Manchester with the best service possible. It aims to improve the quality of life for Manchester people by working with them to promote and support sustainable communities. This programme will deliver fundamental change across the Council to improve the quality of, and access to, our services, transforming our ability to focus on customers. Now a year into implementation, all the Council's services are currently involved in Service Improvement Projects that will improve the way we do things by equipping our staff with the right skills to use new technology and deliver excellent services.

❑ Impact on Property Requirements

The work undertaken to date confirms that the resulting changes in the manner in which services are organised and delivered will have a far-reaching impact on the corporate requirement for operational property (number, size, location, quality, cost). Valuation and Property Services are working with and alongside all operational divisions and units to both audit current property utilisation and determine post MIP requirements. A matrix is being developed to match future demand with the existing (suitable) availability of property and to identify forthcoming surplus accommodation and acquisition requirements.

This challenging task needs to be put into the context of planning and co-ordinating the potentially changing property requirements of every operational unit of the Council. These plans are still in the process of being developed and approved over a general timescale and will need to be synchronised with other space users who are current or future co-occupiers.

❑ Impact on Property Function

As an integral part of the MIP process the Council has given executive approval to a fundamental change to the way in which property is owned and managed.

Valuation and Property Services currently own and manage the non-operational/investment portfolio, but act only as professional agents/advisors for the operational estate, which is owned by the operational occupiers – the service departments. This has led in the past to a parochial approach to property occupation and use.

As an interim measure, all operators have signed-up to a Property Protocol requiring all property transactions to be conducted through Valuation and Property Services (see **Appendix 1**).

Valuation & Property Services are now mandated to work up detailed proposals to take on the corporate landlord role for the whole of the City Council's non-residential estate (excluding highways) to facilitate the following efficiencies.

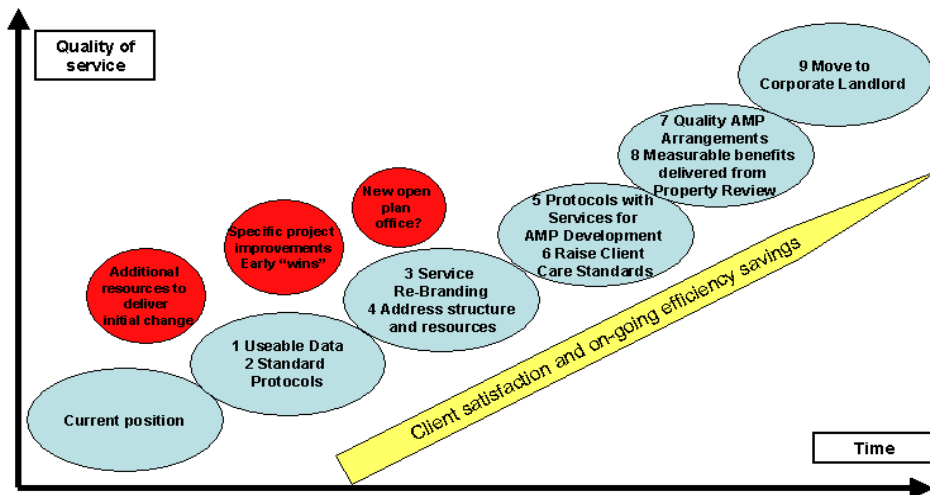
- ❑ The drawing up of a Corporate Property Strategy and a firm base for the use of property.
- ❑ Establishing firm corporate and strategic parameters for the development, occupation and disposal of Council property by Council departments, external partners and others.
- ❑ Improved property utilisation generating revenue savings and capital receipts.
- ❑ A corporate approach to the use of accommodation, with particular regard to suitability, sustainability and sufficiency.
- ❑ Focus on AMP and strategy to reduce maintenance backlog of retained estate.
- ❑ Enhanced property performance planning to secure both returns from the portfolio and improvements in services from the portfolio.
- ❑ Relieve operators of the burden of managing their properties so they may concentrate on delivery of their service.
- ❑ Improve the consistency and cost of compliance with regulatory requirements for accommodation, and identify the potential to create economies of scale in building services activities (waste management, cleaning etc.)

Key steps identified to achieve this transition are as follows.

- ❑ Establish the base-line position by carrying out an audit of all land and property to identify current ownership, property data, occupancy, contractual arrangements, budgets and staff roles.
- ❑ Agree the process for centralising the ownership of property and the associated transfer of budgets.
- ❑ Identify the roles of staff currently involved in the management of operational property and the resources attributable to property within property owning departments.
- ❑ Agree the principles of new service needs with users of property in order to inform future resource planning.

Progress made to date against these objectives is as follows:

- ❑ As a starting point to enable baseline information to be completed a property datasheet for each individual property has been sent to the current operational owner. There has been a c. 75% return to date. Outstanding returns are currently being pursued.
- ❑ The process, and key milestone events, for the centralising of property ownership have been identified, and are illustrated on the below diagram:-



- ❑ Through the SIP information gathering process, 13.5 FTE posts dealing with property in operational departments have been identified. (See Section 4; Asset Management Resources).
- ❑ Options for the redesign of the Valuation & Property service are currently being developed and assessed. Key amongst considerations is how best to resource the department to provide the service users and the Council require.

❑ **Council Capital Strategy**

- ❑ Overall Council Budget

The budget is a financial reflection of the Council's policies. It is a combination of capital and revenue investment.

- ❑ Capital Budget

The capital programme helps deliver the Council's strategy, aims and objectives by providing for new or improved schools, housing, roads, footpaths, social services network, parks and open spaces, leisure and cultural facilities, operational buildings etc.

The programme planned for the next three years is estimated to cost approximately £750million. Every new proposal for capital investment supports departmental service or corporate needs and budget strategies and the majority have undergone critical examination through the Gateway appraisal process.

The latest draft Capital Budget for Financial Year 2007/08 is tabulated below by operational department.

Department	2007/08 £000
Housing	136,328
Children's Services - Education	112,312
Children's Services – Children's Social Care	8,987
Adult Social Care	83
Transport	11,897
Chief Executive's	26,465
Corporate Services	31,914
Environment and Operations	447
Hospitality and Trading Services	1,657
Libraries and Theatres	1,306
Manchester Galleries	800
Manchester Leisure	3,713
TOTAL	335,909

Revenue Budget

The estimated Revenue Budget for the Financial Year 2007/08 is tabulated below by operational department.

Department	2007/08 £000
Chief Executives	35,072
Adult Social Care	112,481
Children's Services (1)	396,123
Corporate Services	7,683
Environmental Services	41,917
Hospitality & Trading Services	(438)
Housing	18,779
Libraries and Theatres	13,629
Manchester City Galleries	4,854
Manchester Leisure	18,484
MIP Savings (2)	(15,372)
TOTAL	633,213

Notes:

- (1) Education figure includes Dedicated Schools Grant of £260m
- (2) Savings derived from Manchester Improvement Programme to be apportioned between the above departments.

3 Roles and Responsibilities

This section of the AMP looks at the framework within which the program is developed and approved.

□ Political level

Political and managerial leadership is strong and works well. Roles are clearly defined. Senior politicians and officers provide effective and visible leadership for the Council, locally, regionally and nationally. This leadership profile has increased internally resulting in a stronger articulation of our vision for the City and the role of "Team Manchester" in the achievement of the vision. For example the Leader of the Council and the Chief Executive together with other Executive Members and members of SMT give joint presentations to management events for the 300 managers and to large scale staff events.

Executive and Overview and Scrutiny Committee responsibility are structured around the Council's priorities. Executive Members sit on all seven thematic partnerships of the Manchester Partnership and Overview and Scrutiny Committees consider partnership action. The contribution of Ward Councillors is maximised through Ward Co-ordination. Lead Members for race, disability, women, gay and lesbian issues ensure that the diversity of Manchester's communities is embedded into the improvement process.

Property issues are formerly reported through the Executive Member for Finance & General Purposes. This Member has been allocated portfolio responsibility for the Council's Asset Management. Members are also aware of the level of backlog maintenance and funding has been allocated to address this (see AMP Repairs Programme). There will now be regular reports on property to the Scrutiny Committee. A report in May 2006 will report on the revised AMP and steps towards corporate ownership and management of property assets. Regular updates and reviews will be presented to Members.

□ Corporate Asset Management Steering Group (CAMSG)

The CAMSG is chaired by the Deputy Chief Executive – Regeneration, supported by the Corporate Property Officer (CPO). It is made up from Strategy and other Directors together with the City Treasurer. It meets at least twice a year, although frequently more often. The terms of reference of the group were re-affirmed in 2006 line with the requirements of Asset Management Planning to be:

- To actively shape asset policy.
- To improve the asset management of all MCC owned property and ensure maintenance of the Asset Register
- To develop and advise on the Council's Asset Management Plan and Capital Strategy.
- To monitor the programme and progress of the Corporate and Service Asset Management process.
- To consider new policies.
- To determine a programme of reviews relating to the property estate.
- To advise and maintain a corporate overview on the development of the corporate property estate. To exchange information to provide cross-cutting and innovative outcomes. To promote the shared use of buildings, both internally and with external partners.
- To take an overview of the Council's Capital programme, maintenance requirements and surplus property.
- To take a strategic overview of Strategic Sites.
- To ensure that the AMP and Capital Strategy maintain adequate links with the Community Strategy and other corporate strategies, service plans and service asset management plans.
- To consider the performance of both the non-operational and operational estates and make recommendations for improvements.
- To act as an arbiter of conflicting objectives subject to the ultimate sanction of the Senior Management Team (SMT).

❑ **Corporate Property Officer (CPO)**

The designated CPO is the Head of Valuation & Property. The specific roles of the CPO are as follows:

- ❑ To produce a long-term strategy for the portfolio.
- ❑ Co-ordinate the asset management planning process including the production of the Corporate AMP, supplemented by Service AMPs.
- ❑ Co-ordinate the submission of Gateway proposals for capital approval.
- ❑ To ensure through consultation that property makes an effective contribution to the Council's Community Strategy.
- ❑ To ensure an effective and efficient procurement strategy is in place.
- ❑ To ensure that the operation of the property portfolio meets all audit and organisational requirements.
- ❑ To keep the Council advised of progress and policies through regular communication with the Executive Member for Finance and General Purposes and reports to Scrutiny Committee.
- ❑ To report to the Executive, Strategic Management Team and the Corporate Asset Management Steering Group on property issues on a cyclical basis.
- ❑ To report on a cyclical basis on the performance of the estate.

❑

❑ **Corporate Property Group (CPG)**

The Corporate Property Group within Valuation & Property Services is responsible for strategic property management at the City Council. Day to day property management is undertaken by teams within Valuation & Property Services. The separation of policy and operational matters is an important aspect of the service structure to facilitate an organisation wide, rather than a sectional approach. The Corporate Property Group (CPG) is responsible for the 'high level' management of the estate including asset management strategy, corporate property advice, identification of surplus and under used properties and strategic management of disposals. The CPG is led by the Property Strategy Manager (Valuation & Property Services) and will comprise a small team with senior representative of each directorate who can represent their service and resultant property requirements. These representatives will perform a key role in the interface between property and service delivery and will need to be carefully identified and resourced in the operational restructuring following SIP. CPG is responsible for both strategic planning and implementation projects arising from asset management planning activities or property review. It works to a Management Action Plan, the progress of which is monitored by the Corporate Property Officer. The terms of reference for the team are to:

- ❑ Provide advice in meeting property requirements for statutory functions and service delivery objectives.
- ❑ Review the Asset Management Plan annually. Establish good practice in managing land and property assets.
- ❑ Carry out regular reviews of land and property assets held by the City Council.
- ❑ Support the prioritisation of the Capital Programme through the Gateway process.
- ❑ Develop performance measures for good practice in asset management.

The Corporate Property Group reports to the CPO.

❑ **AMP Repairs Board**

AMP Repairs is a significant programme that is the responsibility of Valuation & Property. Capital Programmes are the delivery arm of this programme and provide the programme and project resource to manage the programme on a day to day basis. AMP Repairs are solely aimed at improving the access to, and condition of, buildings that the Council own and provide a service from or own and act as corporate landlord. As such there is a legal responsibility under the terms of the lease to maintain and repair the building.

The Programme Board represents at senior management and councillor level, the council, the users and the suppliers. The board members are the decision makers on the programme regarding committing resources to the programme in terms of personnel and funding. They provide overall direction and management and arbitrate on any conflicts within the programme. They also represent the views of the council and as such the citizens of Manchester. The new Terms of Reference of the board are to:

- Advise on the direction and implementation of the project
- Authorise individual schemes over £200k
- Check strategic fit of works aligned to Valuation & Property accommodation strategies
- Define liabilities and provide guidance regarding repair work on the buildings making up the City Centre Liability programme
- Define liabilities and provide guidance regarding repair work on the buildings not apparent to be Council owned buildings
- Input into Buildings at Risk strategies and guidance to the programme team
- Secure agreement of gateway documentation for budget requests
- Input into Asset Disposals

AMP Repairs Delivery Group

In support of the AMP Board a delivery group has been established. This group supersedes the AMP Steering group and will meet on a monthly basis to:

- monitor day to day progress and ensure adherence to the project plan
- monitor the project budget and to make recommendations thereon
- seek specialist advice where appropriate
- receive regular reports from the project managers within the relevant area's of delivery
- ensure effective communication from within each of the participating client departments
- report issues and risks to the programme manager

4 Corporate Asset Policy

This section of the AMP looks at the current and proposed approach to asset management within the Council.

□ Corporate Asset Management Objectives

There is much to do to improve asset management within the Council and the process needs to be recognised as one of continuous improvement. The following are some of the key policy objectives, with a note of progress made against them to date:

- Publication of Corporate AMP 2007
 - Herewith.
- Implementation of service premises audit cycle using the 'strategy framework' to expand 'strategy' element of service AMPs
 - Acceptance that Services must publish an annually updated AMP for their buildings that clearly links the retention and treatment of their buildings to service delivery needs.
 - The Service AMP to identify the forward premises needs for service delivery in terms of the 5 R's;
 - Relocate - Where present location no longer appropriate for service delivery and a service needs to relocate to new premises.
 - Repair - Standard set to corporate guidelines for level of maintenance appropriate for service delivery.
 - Remodel - Where functional obsolescence needs to be addressed to improve suitability to deliver service from present location.
 - Reuse - Where building is underused and intensity of use can be improved.
 - Relinquish - Where premises are surplus to City Council needs.
- Segmentation of service AMPs by asset type for better analysis and benchmarking both within services and cross-service.
 - By functional type (eg. CIPFA categories): Schools, Libraries, Galleries, and Leisure buildings, Day Centres, Children's Homes etc.
 - By building status & maintenance treatment or occupancy agreement: (eg. Heritage and Voluntary Sector premises).
- Implementation of corporate ownership of property
 - Executive approval has been secured to the principal of transferring all property to single corporate ownership.
 - Property data questionnaires distributed to all operational premises currently being collated to verify against existing data the full extent of the operational estate.
 - The original intention was to implement from 1 April 2007, but external consultants advise against going 'live' before fully ready and that 1 April 2008 should be the earliest realistic date for implementation.
 - Property Protocols requiring all property requirements and disposals to be referred to V&P for action have been approved by the Strategic Management Team and implemented as an interim measure, to ensure a corporate approach to all property matters is adopted in advance of transfer to single corporate landlord.
- Implementation of notional leases and asset rentals
 - The principal of notional leases and internal rents on an Internal Repairing basis has been approved.
 - Departmental accountability for internal rent charges will focus occupiers' attention on efficient business practice and use of space as an area where significant cost savings can be made, whereas previously this 'free supply' was a positive disincentive to flexibility of accommodation and location.
 - Individual departmental issues relating to the levying of internal rent charges, particularly in terms of whether this affects grant funding, are currently being investigated.
 - Units of occupation to be verified/audited
 - Non-bureaucratic valuation methodology to be developed. The intention is to link this into the Asset Valuation process.
 - A full schedule of rental valuations will be needed to inform the budget process before implementation can be undertaken.

- ❑ Development of Asset Disposals Strategy/Policy
 - See asset disposal process flow-chart at **Appendix 2**
- ❑ Promotion of Strategic Sites Group to ensure corporate consideration of significant vacant sites.
 - Regional Strategic Sites Groups (Planning/Regeneration/Valuation & Property) review and progress at area level.
 - Terms of reference for Corporate Asset Management Steering Group have been amended to include strategic overview of Strategic Sites issues referred by regional groups.
- ❑ Development of Office Accommodation Strategy
 - See below.
- ❑ Inclusion of other statutory surveys (legionella, asbestos, workplace fire regulations etc) into the condition survey reporting cycle to develop a 'joined-up' approach to property surveys.
 - Management process and budgets have been merged.
 - Complying with the Fire Safety regulations in place from October 2006 represent a resourcing challenge to MCC from 2007/8
- ❑ Development of new AMP Repairs & Maintenance Policy to better prioritise works carried out against the resource limited Capital AMP Programme from 2007/8 onwards.
 - Emerging best practice in 2006/7 sets clearer guidelines on how to balance competing demands of building status and condition with works priority and reason.
 - MCC will be producing a new Policy and revised processes for prioritising works during 2007/8.

❑ **Asset Management Resources**

Valuation and Property Services is currently resourced to manage the City Council's non-operational estate and provide a consultancy / agency service to operational departments in respect of their own portfolios. To assume corporate ownership of the whole estate requires a significant review and re-alignment of staff resources currently numbering 92 FTE posts. This has been recognised by the City Council's Executive in approving the principle of corporate ownership.

Accordingly, as part of its Service Improvement Plan, over the past year V&P have been working closely with external consultants on a Health Check and Skills Audit of the existing department, the outcomes of which will feed into a major re-design of the service.

As part of the data gathering exercise to confirm the extent and nature of the operational departments' property portfolios, information has also been gathered on the amount and level of resource currently employed in these departments to manage their properties. 13.5 FTE posts have been identified. The future roles of these resources, either within V&P or retained within departments as a focus for operational requirements will be included within the wider review proves with operational clients.

❑ **Asset Management Information and Property Data**

- ❑ Office Strategy
 - Principal objectives of the office strategy are:
 - 'Fewer, Bigger, Better'.
 - To adopt an 'evolutionary model' of office design that delivers a better working environment for council employees whilst increasing occupational density and adopting new working practices.
 - To increase density of occupation.
 - To maximise utilisation of offices within city council freehold / favourable leasehold ownership to relinquish leasehold market rented liabilities at the earliest opportunity, through lease expiry, operation of break clauses, assignment or subletting.
 - To minimise the number of office premises utilised for service delivery from current number of 61 to achieve benefits of centralisation, e.g. economies of scale, management efficiencies, massing associated with comprehensive service delivery, but balanced against service need for locality provision.
 - A process chart for office delivery is attached at **Appendix 3**

- Currently auditing occupational data.
- This strategy will respond positively to significant changes arising from the MIP.
- ❑ Town Hall Complex Strategy
 - The Town Hall Complex comprises three separate but adjacent listed buildings, the Town Hall, the Town Hall Extension and the Central Library, together with two public areas, Albert Square and St. Peter's Square.
 - The principal focus of attention is on the three civic buildings, which between them have an accrued maintenance liability of c. £100m. More particularly, projects have been initiated on two of the three buildings which will go a significant way towards addressing this major maintenance liability as part of wider proposals for the buildings:
 - Central Library – Review of the central library provision – reference library, lending library, library theatre and archive storage.
 - Town Hall Extension – Potential to refit the ground floor as a central Customer Service Centre and refurbish and re-stack the eight floors of offices above to increase occupation density and quality of space in line with office strategy.
- ❑ Voluntary & Community Sector (VCS) Strategy
 - Approved and implemented following referral to Corporate Asset Management Steering Group and Scrutiny. (Policy attached at **Appendix 4**).
- ❑ Heritage Assets Strategy (HAS)
 - After consultation with English Heritage, the Heritage Asset Strategy has been formally adopted following approval by CAMSG and Scrutiny. (See **Appendix 5**)
 - The Council owns 91 listed structures, 9% of the listed stock within the city. We will act as a role model to private sector owners on the management and protection of these assets.
 - The HAS identifies a hierarchy of utilisation / protection of the City's heritage estate.
 - It should be noted that although conventionally the term 'heritage estate' is associated with statutorily listed buildings, our policy extends the same standard of care to other heritage assets, including those of more local importance e.g. scheduled monuments, archaeological remains, conservation areas, historic landscapes, registered parks & gardens, cemeteries and historic elements of the wider public realm.
- ❑ **AMP Repairs Programme**
 - ❑ In order to provide more focus to the priority of addressing maintenance backlog, changes to the management structure of the programme have been agreed. An AMP Delivery Group has been set up comprising a senior manager from Strategy, Project Management and Buildings Maintenance. The objective of this group is to coordinate backlog maintenance spend with suitability and sustainability and releasing any blockages in the flow of spend. The Delivery Group will report to a new AMP Board, with new terms of reference, which will include two senior councillor representatives.
 - ❑ All AMP related expenditure which was previously managed under a number of different programmes has been merged into one AMP Repairs program. This brings together spend on different categories of building and works, e.g. DDA, Legionella, Asbestos, Fire Safety, other Legal Liabilities, so that works can be carried out more efficiently as a whole, and spend prioritised where it will have the most beneficial long term effect. In amalgamating these programmes, the AMP Delivery Group will have a major role to play in defining expenditure priorities according to the priorities of the three major disciplines represented.
 - ❑ Management and analysis of present property surveys and statutory inspections have now been brought together under a jointly coordinated survey cycle to feed the AMP Repairs programme.
 - ❑ Following completion of the first cycle of condition surveys (2002 – 2005) which concentrated on identifying and addressing urgent Health & Safety work and DDA shortcomings, and building up basic asset condition data a second quinquennial survey programme commenced second half 2005/06 using an improved survey methodology and works prioritisation matrix. The main focus on this cycle will be further improving the prioritisation methodology and incorporating additional buildings identified in the recent property audit to date which were excluded from first round surveys, picking up Health & Safety and DDA issues on these buildings in addition.

- ❑ The incorporation of a review of workplace fire safety regulations requirements in this survey cycle to satisfy the new regulation is a priority for 2007/8 onwards.
- ❑ All building planned maintenance capital budgets (except for housing which is being contracted out to ALMOs and schools which are separately funded) have now been consolidated into a single co-ordinated AMP repairs programme.
- ❑ Funding approved and spend / commitment to date for the current financial year 2006/07 and next financial year 2007/08 is summarised in **Appendix 6**.

❑ **Systems and Data**

- ❑ Approval was secured in March 2006 to replace Valuation & Property Service's dated and no longer supported CAPS 1 terrier system with CAPS Uni-FORM Version 7. This will provide not only terrier, but also asset management functionality with a greatly enhanced user friendly interface.
- ❑ Adopting the latest developed version of the current system will assist speed and accuracy of data transfer upon installation.
- ❑ A specialist team was put together from May 2005 to March 2006 to undertake a wholesale cleansing of the current non-operational and GIS based data to facilitate the introduction of the new system, but the required scope of the exercise exceeded the resources available, which were restricted by the dual needs of familiarity with records of property ownership and GIS Systems. Accordingly, the outstanding requirements of data to be cleansed were fully scoped and a new team with the required expertise, drawn from the existing terrier team, were tasked with a prioritised programme of cleansing from October 2006 to April 2007. The scope of the exercise, which was basically to ensure that all existing text and GIS records were up to date and linked, is given in more detail at **Appendix 7**.
- ❑ The introduction of CAPS Uni-FORM v7, of necessity deferred for the duration of the data cleansing project is now programmed from April 2007 with 'go live' in June 2007.
- ❑ Thereafter, opportunities will be sought to enhance and develop the data base exploiting the functionality of the new system in areas such as Internal Rent Charging, AMP Repairs, CAD records links, etc.

❑ **Greening Land and Buildings**

There is high level corporate commitment to Manchester City Council being a champion of Green issues. As a major owner and user of land and buildings, the City is well placed to lead by example in terms of the implementation of environmental considerations into our buildings and land holdings under the key themes of asset assessment, asset development and asset repair and maintenance.

The issues are extensive and far-reaching. A paper identifying the key environmental issues which need to be considered as an integral element of the approach to Asset Management Planning is attached at **Appendix 8**.

❑ **Links to Capital Strategy and Capital Planning**

- ❑ Capital Approval - Over the past four years the City Council has developed a very effective Capital Gateway process supported by a Spend to Save budget which enables the Council to invest in schemes where the payback covers the cost of borrowing in full. This has allowed the prioritisation of capital investment to release efficiencies in revenue for investment in improvement.
- ❑ The Capital Gateway process provides strategic, operational and financial scrutiny enabling all capital investment decisions, including property acquisitions and disposals, to be co-ordinated to allocate finite resources to proposals supporting the corporate priorities of the City Council. This has been developed over the past year to provide a better Value for Money check comparing the level of proposed expenditure against the overall value of the asset.
- ❑ Disposal Proceeds – Capital receipts from the sale of Council land and property have historically been a significant source of capital funding. The Council generated in excess of £20m from capital receipts in each of the last three years, 2004/05, 2005/06 and 2006/07.

The Council has set a very challenging target of £40m for capital receipts in Financial Year 2007/08.

Capital receipts are returned to the corporate account for allocation under the Gateway process to ensure that these resources are flexible and can be matched to corporate plans and priorities. Proceeds will generally only be

ring-fenced where they are required to cover legitimate decanting/replacement costs to facilitate a higher level of capital receipt.

□ **Performance and Benchmarking**

During the past year the Council has been exploring appropriate benchmark indicators against which performance and performance improvement can be judged. The outcome of these considerations is summarised below, whilst a more detailed assessment of the rationale is given at **Appendix 9**.

- **Performance Indicators: Operational Property.** For operational buildings property performance data collection and analysis is being improved in 2 phases. Firstly systems are being introduced to collect a basic basket of Property Management Indicators (PMI's) based on national guidelines from current best practice. These PMI's will provide basic data on property condition, extent and urgency of maintenance required, suitability and sufficiency, accessibility, running costs and environmental issues, as well as time and cost predictability in capital procurement. The PMIs to be collected are tabulated below.

	Description	How Collected	Who Collects			
1.A.	% gross internal floor space in condition categories A-D	Analysis of data from CTS Condition Surveys	CTS Grp 2 V&P Property Strategy			
1.B.i	Required maintenance by cost:			Total costs in priority levels 1-3		
1.B.ii				% in priority levels 1-3		
1.B.iii				Cost per square metre GIA		
1.C.	Annual percentage change in total required maintenance			Analysis of Capital/revenue spend for financial year		
1.D.i	PMI					Total spend
1.D.ii						Spend per square metre GIA
1.D.iii		% split between planned and reactive				
2.A.i	Spend on energy per square metre GIA	Analysis of returns form Energy management team.	Chief Execs Energy Man'm't V&P Property Strategy			
2.A.ii	Consumption of energy (kwh) per square metre GIA					
2.B.i	Spend on water per square metre GIA					
2.B.ii	Consumption of water (cubic metres) per square metre GIA					
2.C	Emissions of carbon dioxide in tonnes per square metre GIA					
3.A	% of portfolio with Suitability Survey undertaken in past 5 years	Analysis of Suitability Audit returns to V&P	V&P Property Strategy			
3.B.	Number of properties with Suitability Survey undertaken in past 5 years					
3.C.i	Results of last Suitability Survey:			% of properties graded good /satisfactory		
3.C.ii				% of properties with improved grading		
4.A	% of portfolio with Access Audit undertaken by competent person	Analysis of Data from CTS Audit returns and DDA capital programme	CTS Capital Prog Div.			
4.B	Number of properties with Access Audit undertaken by competent person					
4.C	% of portfolio with an Accessibility Plan in place					
4.D	Number of properties with an Accessibility Plan in place					
5.A.1	Operational office property as % of total portfolio/per head of population	Analysis of core office portfolio audit returns	V&P Property Strategy			
5.A.2	Office space as % of total floor space in operational office buildings					
5.A.3	% of office/operational buildings shared with public agencies					
5.B.1	Average office floor space per member of staff					
5.B.2	Annual property cost per workstation					
6.A	Property costs as % of the Revenue Budget			Analysis of revenue spend by service	V&P Property Strategy	
6.B	Property costs per square metre GIA by CIPFA categories					
7.Ai	Time predictability of the planning and/or design of capital projects	Analysis of CTS project/programme management systems	CTS Technical Services			
7.Aii	Time predictability of the post-contract phase of capital projects					
7.B.i	Cost predictability of the planning and/or design of capital projects					
7.B.ii	Cost predictability of the post-contract phase of capital projects					

Data for 2005/06 will provide the baseline, and data for the financial year ending 31 March each year will be compiled and input by the July of that year to facilitate comparison, measurement and target setting. Data collection requires analysis and systems to be put in place throughout various parts of the City Council, as indicated in the table. This work is well advanced for the baseline data, but not yet complete (anticipated by end March 2007) as processes to collect the information in the appropriate form are having to be implemented. The data will be analysed both overall and by property type. The proposed form of output is included within Appendix 8 which includes the 2005/06 baseline data established to date.

Useful as the proposed indicators are in measuring individual aspects of property performance, it is proposed to build on the individual measures to allow for a holistic benchmarking of properties across functional portfolios and the whole retained estate. Under Phase 2, it is proposed to analyse the above Indicators on a 3 tier scoring matrix to produce high level scores for each property in terms of Efficiency (cost per unit area and per unit user) and Effectiveness. (Workplace Productivity, Operability and Environmental Sustainability). This will be developed further during 2007/8.

- **Performance Indicators: Non-operational Property.** Valuation and Property Services are also reviewing the basket of PMI's in use for the better management of the retained non-operational estate, as well as and for its internal business processes as part of its SIP. The property indicators proposed for non-operational property are summarised below:-

Indicator	Description	Area
BPI.1	Rate of return of non operational investment portfolio	Commercial Estate
BPI.2	Rent arrears as % of total rent invoiced	Commercial Estate
BPI.4	Lease renewals completed in 183 days	Commercial Estate
BPI.5	Rent reviews completed in 183 days	Commercial estate
BPI.6	Backlog of rent reviews	Commercial Estate
BPI.12	Gross rental income from commercial property	Commercial Estate

- **Suitability Audit.** One of the original Key Performance Indicators established in 2001 was a high level Suitability (A/D) score for each building. This score is scheduled for review in 2007/8 for the whole estate. Useful as a *high level indicator* for buildings, it is now recognised a more detailed audit of suitability is required to enable services to determine what elements in a building determine its level of suitability and what needs to be done to address any deficiencies. The proposal detailed in Appendix 8 is a development from a review of current best practice. It is proposed to carry out a small pilot Suitability audit during March 2007 and roll out the new format during 2007/8 for the remainder of the estate.

5 The Existing Asset Portfolio

This section of the AMP contains information on the existing portfolio of the Council.

Portfolio Overview

Operational

The City Council's Operational Portfolio is summarised below:

Operational Department	No. of Properties
Chief Executives	3
Children Families & Social Care	253
Corporate Services	54
Education	217
Environment & Operations	57
Galleries & Museums	6
HATS	8
Housing (excl houses)	59
Leisure	175
Libraries & Theatres	22
Total	804

Non-operational

The City Council's Non-Operational Portfolio is summarised below:

Non-Operational Type	No. of Properties	Total Rental (£ p.a.)	Mean Rental (£ p.a.)
Residential (non-Housing)	2,159	129,514	60
Industrial	556	2,671,824	4,805
Commercial	555	6,240,244	11,244
Retail	226	720,504	3,188
Community/Public	567	963,005	1,698
Land Rent Charges	226	136,373	603
Advertising/Garden	257	29,489	115
Garages	10	235	24
Transportation	118	10,405,426	88,182
Unallocated	20	79,525	3,976
Total	4,694	21,376,139	4,554

6 Future Property and Property Service Needs

This section looks at some of the future property and service needs of the Council. A challenge for the AMP process will be how it responds to these needs and the overall implications of MIP in the next few years.

Corporate Needs

Manchester City Council has undergone a period of significant change in its structure and corporate objectives during the past 3 years. These changes have a direct link to property needs primarily in relation to the following areas:

- ❑ Corporate Ownership of Property Assets – the City Council recognises that there is a need to take a corporate approach to all property assets (investment / non-operational assets, operational properties and surplus land and buildings) to develop stronger links between the provision of services, their property requirements and the delivery of suitable premises.
- ❑ Multi Agency Teams – there is a drive within local government generally to deliver customer facing services in accessible locations (although this must be distinguished from a general policy of providing services from district offices which may frequently be an inefficient method of service provision). Where appropriate, an example being Children's Services Local Multi Agency Teams, these centres will provide a range of services to Manchester's population all under one roof. Under the current arrangement, operational properties are owned by individual service providers and there is an erratic approach to apportionment of occupational costs to various service occupiers within the premises. The Council recognises that this is not an efficient way to manage the properties or the budgets and is committed to achieve a more consistent approach in the future.
- ❑ The Town Hall Complex – the Council has undertaken considerable amount of work in relation to the Town Hall complex which has suffered from a sustained period of under investment. It has been estimated that the three buildings (Manchester Town Hall, the Town Hall Extension and Central Library) are in urgent need of approximately £100 million of essential structural repairs, services upgrade (heating, electrical and lifts) and a rolling refurbishment to enable the buildings to continue in active use. In addition, the density of occupation within the Town Hall Extension as operational office accommodation can be improved to make a fuller use of the space available and create revenue savings elsewhere in the operational portfolio. The Council recognises that a standalone strategy needs to be prepared in relation to the Town Hall complex and it is a key output of the AMP.
- ❑ Property Management System Improvement – the Council recognises that a restructuring of property management is required to deliver the objectives of the Manchester Improvement Plan and particularly to enable the corporate ownership of property. In this regard, Valuation & Property are investigating the quantity, skill level and capacity of personnel within service providers that have a partial or full asset management role. Following the completion of the baseline assessment of the Council's asset portfolio, Valuation & Property will scope out the ideal structure of a new Asset Management Team and will undertake an options analysis of the most efficient route to procure the necessary personnel. The options analysis will consider the transfer of existing staff into the new team, the impact on services following the transfer of individuals to the corporate function and the extent to which the private sector can/should be engaged to assist in the set up phase and the ongoing delivery of asset management services.
- ❑ Working in Partnership – the Council is committed to partnering with the private sector where appropriate to provide the necessary skills and capacity to deliver the Manchester Improvement Programme. In terms of property needs, a Valuation & Property Services Framework Panel has been established during 2006 to provide additional skills and capacity on an adhoc basis to support property related projects. A private sector partner has been commissioned to help deliver the capital spend programme identified in the AMP and the PFI model has been utilised on numerous occasions to deliver new Council facilities for particularly multi-serviced centres. The Council is committed to continue developing private sector partnerships to drive efficiencies and to facilitate the delivery of the corporate objectives.

Property Needs by Service

The Council is committed to the production of individual service AMPs as part of Service Improvement Plans (SIPs) to ensure that the link between the provision of the service, the resulting property requirements and the delivery of suitable premises is achieved in the short to medium term.

The key issues facing some of the main property holders are summarised as follows:

□ Education and Childrens Services

The splitting of Children Family & Social Care into Children's and Adult Services, and the linking of Children's Services with Education provides the opportunity for a more focussed review of Children's Services requirements.

The Education property asset management plan is the best developed of the service AMPs and is largely informed by central government standards. The key criteria are "suitability and sufficiency" of the educational facilities and are particularly focussed on health and safety issues. In order to meet the necessary standards, the education team categorise all properties into three "bands" which prioritises capital expenditure for essential repairs and refurbishments and in the worse cases, the procurement of new schools. The challenges that face the property team are primarily related to the backlog of maintenance within the existing estate and the lack of financial and personnel resource to deliver the necessary works quickly. The Building Schools for the Future (BSF) programme is starting to have an increasing impact on the senior school sites, and will in due course flow through to primary school sites, whilst together with private sector partners / sponsors the City is also committing to the development of 6 new Academies.

□ Housing

Under the Housing Investment Options (HIO) programme, the switch of ownership and management of Manchester's council housing between 2005 and 2007 to not-for-profit organisations is well underway. Roughly half of the 1800 housing staff will transfer with the estate. Once the transfers have been completed and settled down it is anticipated there will be a significant reduction in the requirement for office accommodation used by MCC Housing which currently consists of around 34 significant premises. This portfolio will need to be rationalised to accommodate the revised head office and retained teams (including new roles such as Private Sector Regulation). Issues such as continued occupation of premises by ALMOs and existing community users will need to be handled sensitively but with the objective of securing commercial lettings at market rental value.

□ Family and Adult Services

The other half of the split between Children Family & Social care, the service will require a reassessment of property needs to feed into the corporate ownership initiative and ensure that property related decisions are made corporately. The current review of Adult Education which was most advanced has been reigned back by a change of direction requiring service provision to be re-focussed on a Locality basis.

□ Galleries

Whilst not a major property holder in terms of the number of buildings, the portfolio consists of 6 major listed buildings which have suffered from a sustained period of under investment. The council recognises that additional funding is required to maintain these important historical assets or alternatively a programme of disposal to the private sector will need to be identified to ensure their ongoing maintenance and appropriate usage.

Further review of service needs is being undertaken as part of the process towards the corporate landlord role. Critical to this is the establishment of an effective means for service needs to be communicated to the landlord function in a timely and planned manner. This carries great weight in the options appraisals currently being undertaken for the reorganisation of the valuation & Property Service.

□ Pressures and Opportunities for the Property Service

As previously identified, there is a strong commitment from the Council to centralise property ownership to ensure a "corporate view" is taken in relation to all property related matters. It is planned that through corporate ownership, more effective service delivery can be achieved in suitable premises with the additional benefit of revenue and capital savings generated from a centralised management of the estate.

In order to deliver this objective, the Council recognises that a restructuring of the Valuation & Property Service will be required and a bespoke and appropriately resourced team assembled to manage the entire estate. Over the past year Valuation & Property have been assessing various options for the scoping of the service provided going forwards and the ideal structure of the new team required to provide the appropriate level of skill and capacity to drive the initiative forward. A major output of the SIP will be an options analysis of the most efficient way of delivering the new team. This options analysis will consider a range of solutions including:

- The role of property related staff currently within service delivery teams..

- ❑ The recruitment of new staff from external sources and the implications on timescale to assemble the necessary personnel.
- ❑ The potential and extent of partnering opportunities with a private sector organisation to assist with the initial set up and potentially the ongoing asset management plan delivery.

The Property Service of the Council faces some serious challenges. These will bring pressure but will also present opportunities. It will be critical to put in place processes to ensure that the move to corporate ownership is a smooth one and achieves some “early wins”. The current focus on improving property related data is a key initial step.

A further challenge is to ensure that through improved interaction with service departments it gains a greater understanding of service delivery needs – now and in the future. The question of MIP changes makes this especially taxing.

Utilising the current level of knowledge of service delivery requirements and aspirations for portfolio performance, Valuation & Property have issued a consultation draft Property Strategy for the Council’s property portfolio. This needs to explore key service needs, the adequacy of the existing portfolio and the range of options available for improvement. A clear strategy with defined actions and timescales needs to emerge from this process. Wide endorsement to such a strategy will be critical to its delivery.

7 Asset Management Action Plan

Asset Management Objective	Comment	Actions Needed	(Lead) Responsibility	Timescale/ Priority
A. Corporate Ownership of Property	A significant change for the Council. A series of carefully planned activities are required to appropriately deliver the objectives.	A1: Agree "central" property management budget. To include identification of potential savings and benefits from central management approach	City Treasurer	May 2006
		A2: Agree staffing and resource structure for "central" team. Transfer staff and effective appropriate initial training and development.	City Treasurer / HR / H Jones	July 2006
		A4: "Launch" central property ownership	H Jones	November 2006
B. Integrated and Comprehensive Property Data	Initial objective to ensure sufficient data to allow effective management by the central team. Medium term aim to link diverse database in a more comprehensive and useable way.	B1: Collation and analysis of Departmental knowledge and data. Exercise undertaken to fill short term gaps	H Jones	July 2006
		B2: Define "value for money" property management system	H Jones	July 2006
C. Enhance Member Knowledge, Awareness and Engagement	Progress made in identifying Lead Member responsibility. Now need for reporting of further information, notably on overall property performance	C1. Update report to Scrutiny Committee	H Jones	May 2006
		C2: Initiate 6 monthly Property Performance report to Scrutiny Committee	H Jones	July 2006
D. Develop Comprehensive Property Strategies for Operational Property	Priority is the Office Use Strategy but a wide-ranging approach is required to address each operational division's service requirements.	D1: Commission comprehensive strategy	H Jones	September 2006
		D2: First phase implementation and rationalisation of property	H Jones	November 2006
		D3: Review of Council property strategy in context of multi-service centre approach	H Jones	November 2006
E. Review of Capital Investment Needs and Priorities and Review of Overall Expenditure and Resource Needs	Important links to D. Future investment priorities must be driven by the broad strategy objectives of all Council operational property.	E1: Review Council maintenance spend and backlog position.	H Jones	June 2006
		E2: Define expenditure priorities for 2006-2010 in line with Office Property Strategy.	H Jones	November 2006

This action plan will be kept under regular review by the CPO. Current “live” actions include:

- “survey” of departmental/service property assets and management resources;
- on-going dialogue on service property needs;
- initiation of a strategy on use of the Town Hall complex; and
- definition of an HR structure and revenue budget for the corporate landlord function.

Appendix 1

Corporate Property Protocols

Appendix 2

Process Chart for Asset Disposal

Appendix 3

Process Chart for Office Delivery

Appendix 4

Voluntary & Community Sector Premises Policy

Appendix 5

Heritage Assets Strategy

Appendix 6

AMP Repairs Financial Summary

Appendix 7

Scope of Data Cleansing Project

Appendix 8

Greening Council Land

Appendix 9

Approach to Benchmarking

AMP MANAGEMENT PROGRESS REPORT – AUGUST 2007

Asset Management Objective	Comment	Actions Needed	Timescale	Position Update August 2007
A. Corporate Ownership of Property	A series of carefully planned activities are required to appropriately deliver the objectives.	A1: Verify audit of each individual internal occupation in every building and create internal lease records in Property Management System.	August 2007	2006 audit of operational occupations being updated. Still chasing outstanding 10% of returns from this. Office Strategy Manager now in post. Data will be coordinated with the valuation exercise to meet end October 2007 deadline.
		A2: Undertake Internal Rental Valuation for each unit of occupation and assimilate Departmental totals to inform the 2008/09 budget process.	Oct 2007	Finalising methodology of rent assessment. Fundamental principal is that this should not create a bureaucracy in its own right, but should be simple, straightforward, transparent and formulaic. Wherever possible this will be undertaken as part of, and derived from, the existing Asset Valuation process. In this regard a reconciliation of the AMP database with the Treasurer's Asset Register has just been undertaken. Valuations to be completed by end October to coordinate with 2008/09 budget process.
		A3: "Launch" central property ownership	March 2008	Completion of A1 and A2 above by October 2007 are the fundamental data sets required to go live with Corporate Ownership.
B. Integrated and Comprehensive Property Data	Initial objective to ensure sufficient data to allow effective management by the central team. Medium term aim to link diverse database in a more comprehensive and useable way.	B1: Launch new Property Management System (PMS) with cleansed existing data.	June 2007	VPS currently record property transaction data on the CAPS PMS2000 database. A decision to upgrade the system was made in order to expand the functionality and scope available from the CAPS Uniform Spatial Version 7.3.2. The new system allows greater usage across VPS and will form an integral part of the property transaction process from inception to completion. The system was scheduled to go live at the end of July 2007, but this has now been deferred due to technical staff being prioritized to address the data cleansing (a pre-requisite of the new system) technical problems associated with the transfer of data to the new system and well as work required to ensure the dynamic link to the new rent accounting system is in place. A revised go-live date on 29th September has been set and there is confidence that this will be achieved through active project management. The system will be subject to a 4-6 week pilot before a full implementation across the whole of VPS during November 2007.

		B2: Transfer operational property data returns into new Property Management System	August 2007	Operational departments will occupy premises on the basis of the internal lease on a similar basis to external leaseholders, but 'flagged' as Internal. As such these records will utilise the same data fields within the system as external occupiers. Pending the availability of the new system the data will be recorded in spreadsheet form and digitally transferred once CAPS Spacial 7 is operational.
		B3: Undertake first annual audit of new suitability criteria - Pilot - Complete	June 2007 March 2008	A freelance surveyor has been employed since the end of April on a temporary contract to progress Asset Management Planning in general, and the suitability and utilisation audit in particular. Currently the property portfolios occupied by Libraries and Theatres have been inspected and audits completed, whilst work is underway on Adult Education, Children's Residential, Early Years and Play, Galleries, and Leisure. It is envisaged that audits will have been completed on half the operational property portfolio by the end of the current contract in October, but completion of the audit will be dependant of resourcing.
		B4: Establish information systems for the automatic production of the Performance Management Indicators (PMIs).	March 2008	A restricted basket of PMI's are available in spreadsheet form for 2007/8. This will be developed further to full PMI reporting once the new Property Management System is in place by March 2008 for 2008/9
C. Enhance Member Knowledge, Awareness and Engagement	Build upon reporting protocol established over past year.	C1: Enhance 6 monthly (at least) Property Performance report to Scrutiny Committee initiated last year.	August 2007 & Feb 2008	Reporting to September Scrutiny Committee.
D. Develop Comprehensive Property Strategies for Operational Property	A wide-ranging approach is required to address each operational division's service requirements.	D1: Secure all approvals to Town Hall Extension refurbishment strategy, being the linchpin around which much of the office strategy revolves.	Dec 2007	Headline proposals and broad brush costings worked up for the upper floor offices (1 st – 9 th floors) and for the Ground Floor including CSC requirement. Now engaged in seeking support to the proposals for this listed building from English Heritage. Qualified support received to date, particularly for the Ground Floor, but there remain concerns about opening up the office floors which is fundamental to the viability of the whole scheme. Further meetings arranged for late August/September which may necessitate elements of redesign which could push timescales back.

		D2: Review the Multi Agency Office Strategy in the context of the co-location of outlying offices.	August 2007	A new strategy for the roll-out of Multi-Agency working enables a more considered approach to office rationalisation. Currently focussing on Wythenshawe / South Manchester as proof of concept for wider implementation.
		D3: Produce Service AMPs for each division.	March 2008	The Suitability & Sufficiency Audit (ref B3 above) is building up the database which will form the foundation of the service AMPs.
E. Review of Capital Investment Needs and Priorities and Review of Overall Expenditure and Resource Needs	Important links to D. Future investment priorities must be driven by the broad strategy objectives of all Council operational property.	E1: Review Council maintenance spend and backlog position.	Half Yearly (Sept / Mar)	Working in close partnership the CTS AMP Repairs Team and Valuation and Property have established a finite schedule of operational properties and synchronise this with the current and historic condition survey information to compile a database of planned required maintenance at each property over a 10 year horizon. This enables an accurate calculation of required (backlog) maintenance liability, currently amounting to £96M exclusive of fees and excluding the Town Hall Complex, a measure the Audit Commission is extremely keen on the accurate assessment of as part of the benchmark information. Co-ordinated with the Suitability and Sufficiency audit which is currently underway, this enables the City Council to increasingly accurately target AMP spend where it has the most effective long term benefit. Of the £96M above, £31.5M of identified work is already programmed against budgets of £13M in 2006/7 and £15M in 2007/8 and £8.2M of work completed to date. The work has been deliberately slightly over-programmed to allow for slippage
		E2: Develop an improved corporate Repairs & Maintenance Strategy ranking key criteria to prioritise spend.	Sept 2007	A maintenance treatment measure is now incorporated into the premises audit cycle (B3) to set the level at which maintenance is to be carried out according to building type and use. A provisional prioritisation model is being incorporated into the above AMP database (based on a composite score relating to service, condition suitability usage and local depravation) to inform the programming process.
F. Plan and implement review of Property Strategy / Review Section within overall reorganisation of	Major reorganisation of V&P Services under MIP anticipates significant addition resource for strategy and review, necessary to undertake above action plan.	F1: Revised Strategy / Review structure in place.	Oct 2007	Senior posts recruited or in process of recruitment. Proposals for restructured in house service and partial externalisation being worked up

V&P Services				
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