Property Asset Management Plan Update 2010

Contents

1. Background

1.1   Property Asset Management Plan 2009

1.1.1   The Councils first Property Asset Management Plan (PAMP) was approved by the Resources Management Committee in June 2009. Since then effective Asset Management Planning has come to the fore for the Council as the new Services make every effort to meet the current and future financial challenges.

1.2   Context of Update

1.2.1.   It is recognised as good practice to update the Property Asset Management Plan on an annual basis. This ensures elected members are kept informed on progress and helps refocus attention on key areas. This update identifies key areas of progress since 2009 as well as highlighting areas for development.

1.2.2.   It should be noted that the key document, with its associated strategic policies and procedures is the PAMP 2009.

2. Corporate Property – Objectives and Priorities

2.1   Council's Vision and Asset Objectives

2.1.1   Those stated in the 2009 PAMP remain active and are restated below, with some minor amendments. However these will be reviewed by the Corporate Asset Group to link to the 5 year Business Plan.

2.1.2   To deliver our vision for the City we are focusing on key priorities that we have shaped around:

- The national outcomes set out in the Single Outcome Agreement
- Partnership Agreement 'Vibrant, Dynamic, and Forward Looking'
- Corporate Improvement Plan
- The constant desire to provide efficient, effective and joined up public resources

2.1.3   Within the Council's Single Outcome Agreement we have an aspiration that people who live and work in Aberdeen will:

- be well informed and actively supported to achieve their full potential
- acknowledge, and act on, their shared responsibility to shape the City's future
- support and celebrate cultural diversity, and share a commitment to social justice
- have access to services of a high quality that meet their needs

So that Aberdeen will be a City with a strong, vibrant local democracy and a sense of civic pride.

2.1.4   In effectively managing the Council's financial resources and assets it has further been identified that the aim is to produce a coherent balanced budget which is realistic and reflects the Council's priorities and encourages the efficient and effective use of the Council's resources, by:

Budget Monitoring
- Rigorous monitoring of spend income against budget (revenue; capital; headcount; savings programme)
- Ensure rigorous challenge of monitoring by Officers and Members
- Rigorous monitoring and review of income/charging

Budget Planning
- Develop and observe a budget timetable for planning, consulting and deciding on options necessary to produce a balanced budget
- Develop and continually review projected 2009/10 position

Financial Planning
- Develop and continuously review Medium Term Financial Plan

Use of Resources

- Develop a rigorous programme of change aimed at improving the efficiency of the Council; and ensure that programme is properly resourced and performance managed for complete and timely delivery
- Asset management strategy to be developed and implemented for the effective management of the property portfolio
- Benchmarking information used to improve decisions on effective planning and budget choices.

2.1.5 In order to do this we need to:

- Identify areas where robust asset management can help support the delivery against these priorities
- Develop alignment between asset management and our strategic priorities into property strategies, plans and programmes
- Ensure that our approach to performance management is appropriately focused on priority areas

2.1.6 The above approach is being progressed as part of a priority based budgeting project and will be set out within the Council's 5 year Business Plan by the of 2010.

2.2   Asset Objectives

2.2.1 We have recently developed a vision for our property assets to assist us to deliver the Council's overall vision. The developed vision and property aims for our property assets are still relevant in 2010. They are restated below.

2.2.2 Our approved vision for property assets is:-

"The Council will provide property, working with partners, where appropriate, which supports the Council in the delivery of quality services by being fit for purpose, accessible, efficient, suitable and sustainable."

2.2.3 In designing our approach to asset management within Aberdeen, in order to deliver out Strategic Priorities, we have identified 5 overarching property aims and objectives that will seek to ensure that the Council's assets are fit for purpose within the current budgetary restraints.

- **Assets must meet the needs of those that use them.** This includes staff, members, visitors, customers and the general public, people with disabilities or special needs and other minority groups. This means creating a comfortable and accessible environment that makes a positive contribution to the use to which the asset is put. It also means asking people what they think about our property assets and responding to their needs.
- **Assets must be economically sustainable.** This means keeping running costs down, prioritising capital spending, proper option appraisal incorporating whole life costing and assessing opportunity costs.

- **Assets must be safe and comply with current legal requirements and any future requirements.** This means ensuring that regular surveys and inspections for asbestos, legionella, fire and health and safety as well as physical conditions surveys and Disability Discriminations Act (DDA) audits are undertaken.
- **Asset must make a strategic impact**. Ensuring that our property decisions are linked to decisions on other Council resources (staff, IT, finance) and that asset management contributes to our strategic priorities and challenges.
- **Assets must be environmentally sustainable.** Monitoring and reducing energy consumption and CO^2 emissions, ensuring that asset decisions take into account both the local and global environment and make a positive contribution to a sustainable community.

3. Current Asset Management Performance

3.1   Statutory Performance Indicators

3.11   The Statutory Performance Indicators (SPI's) submitted for 2009/10 to Audit Scotland were Suitability, Condition and Public Access. In addition the Council also chose to report on Required Maintenance. Although not a statutory indicator it is subject to the same level of audit and is reported in an identical manner.

3.2   Suitability

3.2.1   All primary and secondary schools were assessed during 2009 by using the "Suitability Core Fact" spreadsheets issued by the Scottish Government. As recommended the spreadsheets were completed by the Head Teachers and then consistency checked by appropriate Council officials. The approved "Non-School" suitability form has yet to be rolled across the services but has been used for assessing a handful of assets.

3.2.2   Properties rated A and B are deemed as suitable (performing well and operating efficiently, or performing well but with minor issues), with those properties rated C and D being unsuitable.

3.2.3   The results for 2007/08, 2008/09 and 2009/10 are based on the current operational portfolio during those periods and are as follows:

SUITABILITY	2007/08	2008/09	2009/10
Suitable Schools*	64	63	44
Unsuitable Schools*	4	4	21
Suitable Non-Schools	254	240	236
Unsuitable Non-Schools	44	38	36
Total	366	345	337

*School Nurseries are not part of the School Estate core facts and are classed as Non-Schools.

3.2.4   Suitability as a percentage dropped from 87.8%, to 83.1%. A drop was predicted due to the implementation of the new suitability survey forms. This led to a large number of schools dropping into unsuitable. In addition almost all of the assets removed from this years SPI, due to closure, transfer, etc were graded as suitable. The combined effect resulted in a drop. It is anticipated that the roll out of the non-school form will result in a further drop in next years figure.

3.2.5   All Operational Council properties (excluding schools) will be re-assessed by the end of this calendar year.

3.3 Condition

3.3.1 The first condition survey programme was completed in late 2009. This took around three and half years to complete, with the recommended period being a 5 year cycle. The next programme is underway with the school estate being tackled first.

3.3.2 The surveys will continue to be based on the Scottish Government guidance but with additional notes taken on specific condition issues, which are available for Services use. Properties rated A and B are deemed as being satisfactory (performing as intended and operating efficiently, or performing as intended but showing minor deterioration), with those properties rated C and D being unsatisfactory.

3.3.3 The results for 2007/08, 2008/09 and 2009/10 are based on the current operational portfolio during those periods and are as follows:

CONDITION	2007/08	2008/09	2009/10
Satisfactory Schools*	20	53	58
Unsatisfactory Schools*	48	14	7
Satisfactory Non-Schools	178	212	214
Unsatisfactory Non-Schools	120	66	58
Total	366	345	337

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*School Nurseries are not part of the School Estate core facts and are classed as Non-Schools.

3.3.4 Assets in a satisfactory condition as a percentage of floor area rose to 83.8%, with the percentage improving by 9.1%. Improvement is predominately due to the roll out of the 3R's schools. Most notably the closure of the 'C' grade secondary schools, Bankhead Academy and Cults Academy. Further improvement will come from the completion of the remaining 3R's primary schools. In addition the closure of Summerhill Education Centre will also contribute. Further closures resulting from the relocation to Marischal College will not impact on the figure until future years. Improvement will slow in future years, as these significant capital projects reach completion. The lack of investment in maintenance in previous years will potentially start to show through and the overall maintenance backlog may continue to grow.

3.4   Overall Property Performance

3.4.1   The updated Property Appraisal Grids are shown below using a combination of the Condition and Suitability SPI data for 2009/10 to show the percentage of buildings and number which are performing well in both Suitability and Condition. The data for 2008/09 is shown alongside for comparison.

Suitability Grade		A	B	C	D
	D	0	4	4	0
	C	1	33	15	0
	B	17	121	40	1
	A	33	63	5	0
Per Building		A	B	C	D
		Condition Grade			
2009/10 – All Properties					

Suitability Grade		A	B	C	D
	D	0	3	6	0
	C	1	17	15	0
	B	13	124	43	2
	A	27	80	14	0
Per Building		A	B	C	D
		Condition Grade			
2008/09 – All Properties					

Suitability Grade		A	B	C	D
	D	0	1.2	1.2	0
	C	0.3	9.8	4.4	0
	B	5.0	35.9	11.9	0.3
	A	9.8	18.7	1.5	0
As a %		A	B	C	D
		Condition Grade			
2009/10 – All Properties					

Suitability Grade		A	B	C	D
	D	0	0.9	1.7	0
	C	0.3	4.9	4.4	0
	B	3.8	35.9	12.5	0.6
	A	7.8	23.2	4.0	0
As a %		A	B	0.9	1.7
		Condition Grade			
2008/09 – All Properties					

Suitability Grade		Condition Grade			
	D	0	1	0	0
	C	0	20	0	0
	B	3	25	7	0
	A	4	5	0	0
Per Building		A	B	C	D
2009/10 – Schools					

Suitability Grade		Condition Grade			
	D	0	1	0	0
	C	0	2	1	0
	B	0	26	8	0
	A	3	21	5	0
Per Building		A	B	C	D
2008/09 – Schools					

Suitability Grade		Condition Grade			
	D	0	1.5	0	0
	C	0	30.8	0	0
	B	4.6	38.4	10.8	0
	A	6.2	7.7	0	0
As a %		A	B	C	D
2009/10 – Schools					

Suitability Grade		Condition Grade			
	D	0	1.5	0	0
	C	0	3	1.5	0
	B	0	38.8	11.9	0
	A	4.5	31.3	7.5	0
As a %		A	B	C	D
2008/09 – Schools					

3.4.2 The 2010 grids show 69.4% of the portfolio (comprising 234 properties) is in a satisfactory position, which is in good/satisfactory condition and high/medium suitability. This is less than the figure of 70.7% reported in 2009. The decrease is due to the assessment of the schools through the Core Fact Guidance. It is desirable for all properties to be either amber or green, however there has been no real progress in reducing the number of assets coloured red.

3.5 Public Access

3.5.1 The Public Access SPI is a well established reporting tool. This has aided services in the identification of assets requiring investment, with work being carried out through the Corporate Property Replacement/Renewal programme. It should be noted that accessible does not mean that the building is fully adapted to all needs of disabled people.

3.5.2 The results for 2007/08, 2008/09 and 2009/10 are shown as follows:

PUBLIC ACCESS	2007/08	2008/09	2009/10
No. required to be compliant	156	155	152
No. of compliant buildings	121	125	128
%	77.6	80.6	84.2

3.5.3 The Public Access SPI figure has continued to improve with an increase of 3.6% compared to 2008/09. The increase was mainly obtained through the reopening of buildings which were assessed as accessible and the refurbishment of Kingswells Nursery for Adventure Aberdeen. Enhancement works were also carried out at a number of properties already assessed as accessible in conjunction with other improvements.

3.6 Running Costs/Energy Consumption/Carbon Emissions

3.6.1 The establishment of Asset Management & Operations within Enterprise, Planning & Infrastructure has enabled much closer collaborative working between asset management, energy management, maintenance & design to ensure that every opportunity is taken to improve the condition, suitability and operational cost of every building.

3.6.2 Gas, Electric and Water costs have been moved to electronic billing, which in conjunction with closer scrutiny has helped identify inconsistencies and potentially incorrect charging. Future work will see the use of Unique Property Reference Numbers (UPRN's) will make data matching far more efficient.

3.6.3 We are now moving to a position where running costs will be easily obtained, compared and reviewed. This will allow us to consider methods of assessing individual assets as well as benchmark effectively against other local authorities.

3.6.4 Our property assets contribute considerably to the Council's carbon emissions. As such we must recognise the importance of managing these assets effectively and their role in meeting the targets set out in the Carbon Management Programme (CMP). Our statutory obligations in terms of the Carbon Reduction Commitment (CRC) also need to be linked back to our property decision making. The CRC presents financial incentives but also the possibility of financial penalties.

3.6.5 Every effort is being made to ensure that work flowing from the PAMP supports the goals associated with carbon emissions.

3.7   Required Maintenance

3.7.1   As part of the SPI process, Required Maintenance was included for the first time. This is widely recognised as a core performance indicator and is included in CIPFA's Scottish Benchmarking indicators. A total figure of £82 million was calculated with the costs being £156/sqm. These are high but not unexpected as the 2009 Property Asset Management Plan indicated that the required maintenance figure was around £80 million (which excluded Fire Risk/Asbestos costs). A target of £146/sqm has been set for next year.

3.7.2   The breakdown against Service and property type is shown in **Appendix 1**. It should be noted that these figures are for properties that were open at that time of the data submission.

4. Key Challenges and Achievements

4.1   External Change

4.1.1   The financial challenges identified in the 2009 PAMP have been felt keenly in Aberdeen. There is now even more pressure on both capital and revenue expenditure, and highlights the importance of asset management throughout the Council. Underperforming or underutilised properties (either investment or operational) must be identified and challenged to ensure that the Council's overall property portfolio is as efficient as possible.

4.2   Key Asset Management Challenges

4.2.1   The challenges still are:-

- **School estate rationalisation:** The overall school estate strategy articulates with the Aberdeen City of Learning Strategy which will be presented to Committee in September. Stakeholder Engagement on the secondary school estate is currently underway and a further report will be presented to committee in October, 2010. This is likely to recommend a reduction in the number of secondary schools in the city as well as promote a longer term strategy to bring all schools up to a standard equivalent to that of the schools being delivered under the 3Rs programme. This is intended to address issues of under and over-occupancy, condition and suitability. The educational benefits of larger schools and a longer strategy taking account of housing allocations under the structure plan are integral to the effective management of the estate.

- **Class size and falling roll:** Falling school rolls are a key aspect of planning the pattern and provision of school places to ensure that surplus places are removed in order to make local authority education provision cost effective and demonstrate best value. Maintaining high numbers of surplus places results in a disproportionate amount of the available budget being expended on buildings, management and administration compared to investment in quality teaching and learning provision. The risk associated with falling rolls for individual schools is a negative impact on their ability to raise educational standards and the long term future of the school. There are also significant curricular issues associated with secondary schools where the roll is small. Particularly in the middle and upper school, subject choice is limited and some schools have had to make alternative consortium arrangements to attempt to offer a wider subject choice.
  The limits on class sizes placed on primary schools P1 and secondary schools S1 and S2 (for English and Maths) have required school capacities to be revisited and further review is required if the Council is to be proactive in ascertaining its schools' capacities to understand the potential wishes of the Scottish Government of progressing towards class sizes of 18 for P1 to P3. Scottish Government intends to bring forward legislation to align the variety of regulations which determine maximum class sizes at different stages, with the overall intention to reduce these in order to improve pupils' educational experience.

- **Asset Alignment**: Alignment of services to customer needs is paramount and this creates a significant challenge in ensuring that our asset portfolio is aligned to changing service delivery models, supporting transformation and at the same time delivering efficiency gains to reinvest in services.

- **Required Maintenance**: This currently stands at £82m, with a budget spend for revenue maintenance of around £4.13m and £7.78m from the Non-Housing Capital Programme identified for 2010/11. The amount the Council allocates to maintenance of buildings makes reducing the required maintenance figure very challenging. Property rationalisation can lead to improvements and more effective targeting of spending, however there is still a real danger that our properties will continue to deteriorate faster than we can repair them.

- **Building Condition:** From our survey programmes it can be seen that 83.8% of the operational portfolio is classed as either in good or satisfactory condition. A further 16.16% is classed as poor and is showing major defects and/or not operating as intended. A very small proportion is categorised as bad and is life expired.
  The tenanted non-residential property (i.e. the commercial portfolio) is not part of the current programme of condition surveys. As a result no detailed information is available; however the properties for the most part are in decline and require investment.

- **Planned Maintenance:** Maintenance associated with statutory obligations (including cyclical) and imminent health & safety risks are given priority. Remaining budget is limited and goes to essential maintenance. Other than cyclical maintenance, which accounts for 10% - 15% of the maintenance budget, there are no planned maintenance programmes in place.

- **Disability Discrimination Act (DDA):** We now have accessibility audits in place for all publicly accessible buildings and from these it can be seen that approximately 84% of these are DDA compliant.

- **Office Accommodation**: Ongoing work to ensure that there is appropriate office accommodation and supporting facilities for all Council employees, recognising the challenges from "New Ways of Working". The Corporate Asset Group has taken on the responsibility for the strategic management of the Council's corporate office accommodation. A review of the offices linked to the Marischal College project has established a clear future for each associated asset.

- **Energy Consumption**: This remains a key issue and the Council is committed to reducing carbon emissions. Data quality and availability has improved significantly over the last year. This will allow us to assess our current position and take appropriate steps from there.

- **Water consumption:** Another key operating cost that the Council is seeking efficiencies through. As with Energy Consumption improvements in data will allow us to assess the current position and take appropriate steps from there.

- **Best Value**: The Corporate Improvement Plan was prepared to enable the Council to undertake the required improvements highlighted by the Audit of Best Value and Community Planning. The development of this Property Asset Management Plan along with the associated detailed analysis of the Council's property portfolio will assist in ensuring that operational assets can be better utilised for the delivery of Council services.

- **Commercial Estate:** An important area of asset management is the tenanted non-residential portfolio, commonly known as the commercial estate. A high level review has been carried out with follow up work to be programmed. The Council must ensure that these assets are performing well and tie in with Council policies.

4.3   Key Asset Management Achievements

- The completion of two new secondary schools and two primary schools through the Schools 3R's project.
- Completion of 60% of the Energy Performance Certificate (EPC) Programme and the medium/long term plan being built around this work
- The use of key performance data in property reviews and subsequent decision making
- The completion of the first Condition Survey Programme
- The going 'Live' of Uniform (part of the CAMS project)
- Alignment of Operational Assets against new Services (See **Appendix 2**)

5. Delivery Arrangements

5.1 Embedding Asset Management

5.1.1 After initial successes the progress of Asset Management slowed during the period immediately following the restructuring of the Council's services. With key officials moving on and responsibilities being redistributed this was inevitable. However, following the appointment of key officials and Services recognising the importance of Asset Management Planning, progress is now being made rapidly.

5.2 Service Asset Management Planning

5.2.1 Services have been given a timescale for completing the Service Asset Management Plans' (SAMP'S) of November 2010. It was agreed that the abbreviated SAMP be used as recommended in the 2009 PAMP. Officials within each Service have been identified for coordinating the completion of these documents.

5.3 Corporate Property Officer

5.3.1 Under the new organisational structure the previous post holding this position was removed. The Head of Asset Management & Operations has selected the post of General Manager, Asset Management to fulfil this role. A member of staff has been matched into this post. The duties of this role will largely remain unaltered.

5.4 Asset Management Team (Function)

5.4.1 This team will report to the Asset Management Manager, who in turn reports to the General Manager, Asset Management. Consideration is being given to expanding the team to cope with the rapidly growing workload and in future to link the other 'assets' to produce and overall Corporate Plan including Roads, Fleet, Green Spaces and ICT.

5.5 Engagement of Elected Members

5.5.1 The 2009 AMP identifies the need to appoint an elected member who will champion Asset Management within the Council. The Finances & Resources Committee of 28 September 2010 is being requested to appoint an elected member to participate in the Corporate Asset Group. The Corporate Asset Group will give consideration to the engagement of all the other elected members.

5.6 Corporate Asset Group

5.6.1 The implementation of the new organisational structure meant that the membership of the existing group required to be reviewed. The Head of Asset Management & Operations chairs the reconstituted group. With the following Service representatives:-

- Head of Finance, Corporate Governance
- Head of Environment Services, Housing & Environment

- Head of Regeneration and Housing Investment
- Head of Service, Office of Chief Executive
- Head of Customer Service and Performance
- Operational Support Manager, Social Care and Wellbeing
- Head of Educational Development, Policy and Performance
- General Manager, Asset Management

5.6.2 The group are currently meeting on a fortnightly basis to coincide with the work on the 5 year Business Plan and the review of the Non-Housing Capital Plan.

5.7 Partnership & Collaboration

5.7.1 The Council continues to work closely with its public sector partners through the Public Sector Property Group (PSPG). A shared database is now in place allowing partners to see the location of all public sector assets as well as the key property information associated with them. New working subgroup's have recently been set up to look at Shared Services amongst partners; a key subgroup is Asset Management Planning which is to be led by officers of the City Council.

6. Investment Planning

6.1 Capital Prioritisation Approach

6.1.1 Addressing a major weakness identified in the PAMP 2009, the Finance & Resources Committee agreed in 28 January 2010 to the introduction of a new Capital Prioritisation Process, allowing all future capital bids to be developed and reviewed corporately.

6.1.2 The Capital Prioritisation Process and Procedures seeks to regularise all future bids for capital funding including improving the monitoring of capital projects and the post evaluation of completed projects. Improvements include the proposal that the Corporate Asset Group become responsible for:-

- Initial review of the proposed scheme and sources of finance for each scheme;
- Priority re-scoring of Capital Bids
- Approval or rejection of Capital Bids where the criteria is not met;
- Timescales for the preparation of reports to members;
- Consultation on the preparation of reports to members;
- Review proposed new emergency in year schemes, and make recommendations to the Corporate Management Team and Council for the inclusion of such new schemes in the Capital programme
- Review and challenge slippage and variance in the Capital Programme
- Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate.

6.1.3 Staff within Enterprise Planning & Infrastructure will in the near future take specific responsibility for the following areas of work:-

- Monthly progress of each scheme, with comments relating to expenditure to date, anticipated completion date and projected outturn position to be provided to the Head of Finance;
- Review closure and outcomes of completed capital schemes;
- Quarterly monitoring of expenditure of all capital schemes within the Capital Programme, and the preparation of quarterly update reports to the Corporate Management Team and elected members;
- Review of proposed new emergency in-year schemes, and make recommendations to the Corporate Asset Group for the inclusion of such schemes in the programme
- In conjunction with the Head of Finance a detailed review of the appropriate source of finance for each scheme;
- Review and challenge slippage and variances in the Capital Programme;
- Review closure and outcomes of completed capital schemes, and to prepare and present regular reports to the Corporate Management Team and elected members as appropriate.

6.1.4 One of the main changes is the introduction of a clear Options Appraisal process which will include Whole Life Costing. The Appraisal process for larger projects will

be based upon the "Green Book" which is HM Treasury's Option Appraisal for all Capital Projects. Furthermore Whole Life Costing will ensure that the long term revenue costs are evaluated, allowing the Council to consider potentially approving an option which whilst costing more initially, from a capital point of view, may have significant reduced revenue costs through out its projected life.

6.1.5 For the current and forthcoming financial year the review of capital projects is being linked with the Priority Based Budgets project and the 5 Year Business Plan. For future years the process will be as follows:-

Report	Key dates
Discussions with Directors / Key Members	June
Completion and submission of Capital Pro forma to SMTs	July
Submission of Capital Business Case to the Corporate Asset Group	September
Report to CMT	October / November
Report to Council as part of overall budget setting process	December
Quarterly reports to Cabinet and Scrutiny Board	July / October / January and May (outturn)

6.2 Capital Receipts

6.2.1 £3.404 million in capital receipts were achieved in 2009/10, £1.024 of which related to the sale of Common Good assets and the rest was General Services. No target was set for 2009/10. The target for General Services Account in 2010/11 has been set at £2.5 million.

7. Performance Management

7.1   Performance Management

7.1.1   The authority continues to be a member of the Scottish Benchmarking Group which is run by Chartered Institute of Public Finance and Accountancy (CIPFA). We are now entering a third year of inputting data, which will start to make it possible to assess long term trends.

7.1.2   The benchmarking figures for 08/09 have been inputted where data was available, with the 09/10 module set to be available shortly. It is anticipated that improvements in data quality and working relationships will allow the Asset Management Plan Team to compile data for the vast majority of the indicators.

7.1.3   Regular reporting will be provided to the Corporate Asset Group as the Benchmarking Group's National return is published.

7.2   Surplus Property & Disposal Procedures

7.2.1   The lack of forward planning within services with regards to properties continues to impact on the management of surplus property and disposals. Insufficient thought is put to the costs of holding vacant assets and in some cases are effectively abandoned by departing services. This leads to a re-active rather than pro-active Estates Service the consequences of which create security issues, dilapidation/ obsolescence issues, unnecessary costs (e.g. energy and rates) and leads to difficulties in handing the assets. Handover forms have been created to assist services in effective handover and they are gradually being adopted by Services.

7.2.2   The SAMP's as described in section 5.2.1 are key in alleviating some of the issues surrounding surplus/vacant assets. The reconfiguration of the Corporate Asset Group will also enhance communications between Services and ensure that the vacation of buildings is planned in advance.

7.2.3   The process of selling assets is problematic and can leads to long vacant periods at many stages of the process. The Property Transaction Protocol recently introduced, is being reviewed to increase efficiency along with the regular review of other elements of the process and compliance monitoring to dovetail with the introduction of Uniform.

7.2.4   The status of assets declared surplus as a result of Service reviews are show in Appendix 5.

7.3   Programme of Property Reviews

7.3.1   Limited progress in the last year apart from assisting Education, Culture and Sport with the Learning Estate Strategy and Community Learning Hubs. The office accommodation review has been incorporated within the regular Reports on the development of Marischal College and the consolidation of the Council's corporate offices primarily in Marischal College, Kittybrewster and Balgownie 1, continuing to

recognise the need to relocate from the leased City Centre accommodation as soon as practical.

7.4   Tenanted Non-Residential Portfolio

7.4.1 The PAMP 2009 identified that a review of the Council's Tenanted Non-Residential Property Portfolio (TNRP) was a key priority. An initial overview of this review is attached as **Appendix 3** (which includes a summary of the property groupings).

7.4.2 The review shows that large groupings of assets are performing well and should be retained. However, there are groups of assets that are not performing well and that consideration should be given to disposing some of the assets within those groups. Subject to approval a follow up report will be produced identifying these poor performing assets and the reasons for recommending their disposal.

7.4.3 A further recommendation is that the Property Investment Manager liaises with the Head of Finance to agree a programme of detailed performance assessments. This will ensure that priorities are based around the Council's policies in terms of revenue income and capital receipts.

7.5   TNRP Customer Questionnaire

7.5.1 A customer satisfaction questionnaire was recently circulated to tenants. 212 questionnaires were issued in total to the main commercial tenants. This does not equate to the number of properties due mainly to the number of tenants who have more than one property leased from the Council. Forty nine (23%) completed forms were returned.

7.5.2 The questions were intended to establish the tenants' opinion on the service provided by the section. Results of the questionnaire are shown in **Appendix 4**. Key findings were:-

Positive
- **91% thought the service provided was excellent or good**
- **91% had a positive experience of being a Council tenant**
- **93% rated the rent invoicing and collection process as excellent or good**
- **95% thought the section was fair and reasonable in its dealings in the role as landlord**

Negative
- **86% thought the speed at which their queries are dealt with was unacceptable or poor**

7.5.3 The results are in the main very pleasing, in particular the positive outcomes shown above. It is perhaps difficult to reconcile such positive responses with 86% of respondents feeling that the speed at which their queries were dealt with were

unacceptable or poor. This clearly is an area of concern. It may be that the question was not well phrased and that the response reflects time taken (for example) to complete repairs, which is not wholly within the Team's control, rather than to instruct repairs or advise tenants that repairs are instructed. Consideration will be given to shorten any perceived delay in replying to tenants, though it may prove necessary to make expectations of action more realistic.

7.5.4 Most of the negative comments related to specific issues or incidents. There was very little in the negative comments which could be the basis of a trend, with the possible exception that a number of tenants were unsure as to their initial point of contact within the section. This is in part the product of staff turnover. Efforts will be taken to address that gap. It is intended to issue a 'Tenants' Handbook' which would include contact details, and these details would be updated as and when required in response to staff changes.

7.5.5 From the findings the following actions have been identified:-

- Complete Tenant Handbook by end of 2010
- Ensure all tenants are advised of timescales associated with their queries and expectations are managed accordingly
- Programme a further questionnaire for 2013

8. Key Priorities 2010 – 2012

8.1 Key Priorities

8.1.1 Future Corporate Property Asset Management Plans will have to continue to show clearly the linkages between the Financial Plan and the utilisation of property (in both capital and revenue terms). This will be reflected not only with the management of the Capital Prioritisation Process but also in the development and implementation of SAMP's, which are fundamental in the development of Asset Management throughout the City Council.

8.1.2 At this stage therefore, it is not possible to set out the complete investment requirement in the property portfolio due to the need to fully develop/analyse SAMP's and the fact that there is not yet complete data on the overall estate.

8.1.3 As there are still some concerns over the reliability of sections of data e.g. running costs the AMP Team should continue to audit relevant property related data to help inform the future investment strategy of the Council.

8.1.4 Based on current condition data alone there is a required need of some £82m to maintain the existing building stock and does not allow for any investment in new buildings.

8.1.5 The Council have a large and valuable asset base which is used to deliver services and outcomes for the communities in Aberdeen. Any improvement in the strategic operational management of these assets could have a real impact on the financial resources available to the Council as well as to other public sector bodies which collaborate with the Council in Community Planning or in order to secure cross-public sector efficiencies in pursuance of the Scottish Government's Efficient Government agenda.

8.1.6 How the Council manage their assets will impact upon the ability to deliver key aims and objectives and it is therefore vital that asset management plans are effectively integrated with the rest of policy decision making and corporate service planning activities and fully complement and integrate with the financial management processes of the Council.

8.1.7 Asset Management Planning should be embraced to ensure the proper management and monitoring of assets but also as a tool for robust and sound investment decision making.

8.1.8 Asset Management is a key element of achieving and demonstrating Best Value. The appropriate use of assets in the right location can make the difference between good and poor service delivery. Effective asset management should ensure that the front line services provided by the Council are delivered from the most effective and efficient property portfolio.

8.1.9 The Council is fully signed up to the principles of asset management, however it is not possible at this time to accurately set out the investment requirement in the property portfolio for the aforementioned reasons. In addition there is also a considerable amount of work to be done to put in place the necessary systems and

processes that are required for the Council to fully embrace strategic asset management.

8.1.10 To be fully effective this Property Asset Management Plan is dependant on the output from the SAMP's, which have yet to be developed. This is now being done as a matter of some urgency, supervised by the Corporate Asset Group.

8.1.11 Corporate Asset Management System (CAMS) – The implementation of the property modules is now at an advanced stage and all relevant staff have received training. Work is ongoing to bring the data in line with the obsolete system and staff continue to work with software suppliers to resolve issues. Early indications are that the new system will improve existing processes and create ways of working more effectively.

8.1.12 The updated priority areas are as follows:-

Priority Area	Revised Start Date	Revised Completion Date
Service Asset Management Plans	July 2010	November 2010
Suitability Assessments	September 2010	December 2010
Refocusing Corporate Asset Group	May 2010	Complete July 2010
Commercial Property Review (High Level Review)	March 2010	Complete August 2010
Full Audit of all Property Data	None	December 2010
Implementation of Communications Strategy	July 2010	September 2010
Implementation of Capital Prioritisation	August 2010	Ongoing
Development of the Property Modules within CAMS	None	September 2010

9. Glossary of Terms

ACROYNM	TITLE	SUMMARY
	Audit Scotland	Statutory body providing services to the Auditor General fro Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.
CIPFA	Chartered Institute of Public Finance & Accountancy	Accountancy body for public services, whether in the public or private sectors.
CAMS	Corporate Asset Management System	Software being implemented and developed within a variety of Council services.
CMP	Carbon Management Plan	Document setting out the Councils plans to reduce carbon emissions.
CRC	Carbon Reduction Commitment	UK wide mandatory carbon trading scheme.
EPC	Energy Performance Certificate	Statutory document that requires to be produced for public buildings that have a floor area above 1000sqm.
PSPG	Public Sector Property Group	Sub-group of the North East Scotland Joint Public Sector Group.
PAMP	Property Asset Management Plan	Strategic document covering the management of all property assets.
SAMP	Service Asset Management Plan	Asset Management Plan looking specifically at individual services and their requirements.
SPI	Statutory Performance Indicators	Suite of National Performance Indicators administered by Audit Scotland.
TNRP	Tenanted Non-Residential Property	Assets not held for operational purposes and leased to third parties. Excludes housing including Staff Houses.
UPRN	Unique Property Reference Number	A UK wide numbering system that gives every asset a unique number.