



To
Scrutiny Board 3

Date 8 April 2009.

Subject: Property Performance Report.

1 Purpose of the Note

- 1.1 The purpose of this report is for Scrutiny Board to consider the Property Performance Report which accompanies the Annual Asset Management Plan 2009/10.

2 Recommendations

- 2.1 Scrutiny Board 3 is asked to note the contents of the Property Performance Report which accompanies the Annual Asset Management Plan 2009/10.

3 Information/Background

- 3.1 Property is a huge Council resource, vital in achieving the City's vision and in providing so many of the Council's services, yet until now officers have not reported on the performance of the property portfolio.
- 3.2 The CAA 2009 'Managing Resources' KLOE guidance emphasises the importance of performance management in the effective management of assets to help deliver strategic priorities and service needs.
- 3.3 In addition to the Annual Asset Management Plan 2009/10 a further Property Performance Report is therefore presented to Scrutiny Board 3. This report firstly sets out property achievements in 2008/09 and then sets out the process for establishing a performance management framework for the property portfolio, by measuring performance through a number of local and national property indicators.
- 3.4 It should be noted, however, that this is an initial report and a further report updating on progress in property performance will be submitted in autumn of this year once further data on property performance indicators has been collected and analysed.

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Property Performance Report.

1. Measuring Property Performance

1.1 Why measure?

Property is a very significant Council resource. Coventry City Council's portfolio was valued at approximately £886 million on 31 March 2008. It is a vital part of providing so many of the Council's services and of achieving the Council's vision of Coventry being:

A growing accessible city where people choose to live, work and be educated and businesses choose to invest.

Yet, until now, we have not specifically provided a report on the performance of our property portfolio in efficiently supporting the delivery of Council priorities, despite regular and well structured reporting concerning other key resources such as finance. To improve transparency and identify areas for improvement, we now intend to build up a reporting system for our property portfolio.

The new Comprehensive Area Assessment process (replacing CPA from 2009) continues to place emphasis on performance management and the need to understand service costs and the links to better performance.

1.2 How to measure

In order to measure its performance it is necessary to establish a **performance management framework** for the property portfolio to ensure that it is being utilised effectively. This can be achieved by the following:

- Agreeing a set of both national and local property performance indicators
- Ensuring that organisational structure supports the monitoring and reporting of agreed property performance indicators.
- Benchmarking to provide useful comparator information.
- Review of poorly performing assets as identified by the performance measurement process.
- Monitoring and review of the asset management process.

Within this initial performance report is an overview of property achievements in 2008/09. It is acknowledged that they are examples of what has been done and give no indication of actual portfolio performance against targets. For example the report identifies the number of projects completed, but does not compare projects against time or cost performance. Subsequent reports will build up real data and relevant targets.

The present report therefore seeks to begin the process of establishing a property management framework for collecting and reporting on an agreed set of key

performance indicators, which it is hoped will ultimately improve the overall property portfolio performance.

2. Property Achievements in 2008/09

2.1 Completed Projects

2008/09 has seen the completion of the spectacular £20m redevelopment and extension of the Herbert Art Gallery with the official opening (with national press coverage) on 29 October 2008.

The Major Projects Team has also project managed the following schemes:

- Foleshill Library Extension
- Stivichall Primary School - rebuild
- Gosford Park Primary School extension
- Sowe Valley Primary School (open plan refit pilot)
- Stoke Aldermoor Primary School (extension)
- Richard Lee Primary School - Children's Centre
- Spon Gate Primary School - Children's Centre
- Whitley Abbey Secondary School Sports Hall

Construction commenced in October 2008 at 5 primary schools (Stanton Bridge, Broad Heath, Manor Park, Joseph Cash and Walsgrave) under a multi project partnering arrangement as part of the Primary School Pupil Places Expansion Programme, with work on schedule for accommodation to be available from September 2009. Whilst the Primary Capital Strategy submission by CLYP to the Department for Children Families and Schools was approved in November 2008.

The new NDC Leisure and Neighbourhood Centre building was completed in February 2009 – (see sec 2.3 below).

2.2 Major service moves completed

The most significant service relocation in 2008/09 was the relocation of 'Post & Fast Print' Team from its city centre location to the Lythalls Lane Industrial Estate, as part of the multi million pound Severn Trent Centre development

A Finance & Legal Services rationalisation from Civic Centre 4 and West Orchards House into Christchurch House was also completed in July 08, followed by the Older People's Service Team move to Broadgate House completed in September 08, releasing obsolete accommodation for redevelopment.

2.3 Regeneration scheme progress (affecting Council property)

There has also been significant progress on the Council's major regeneration schemes within 2008/09.

In the **Swanswell** area City College Phase 2 was completed in November 2008 and the college took occupation in January 09 as well as taking occupation of the newly constructed Bath Street multi storey car park in November 2008.

Growth monies were secured to undertake ground investigations on the former Central Depot site and a remediation strategy is now in place and tenders out for decontamination work to commence in March.

Outline planning consent was granted on 29 January 09 for the Coventry New Deal for Communities area (Wood End, Manor Farm, Deedmore and Henley Green) master plan with a proposal for up to 3,328 homes being built over the next 12 – 15 years. The newly constructed **NDC** Leisure and Community centre (to be operated by the Coventry Sports Trust) was handed over in Feb 2009 with occupation by Council Departments and the NDC Team in March 2009.

Phase 1 of the **Stoke Aldermoor** estate regeneration scheme received a regeneration award in 2008 and active discussions to implement the second phase proposals are now underway. A planning application has been submitted for a new supermarket and discussions are in progress with the Primary Care Trust for the development of a new health centre.

Growth monies have been secured to assist further with plans for Swanswell, NDC, Canley & Stoke Aldermoor regeneration areas.

2.4 City Centre

Following an extensive public consultation exercise, international consultants Jerde's final master plan for the city centre is being presented to Cabinet and Full Council in March 09, seeking the adoption of the overarching principles and key elements as a 'statement of the City's intent' regarding future regeneration.

This report will be followed up later on in the year with an implementation plan that will indicate where redevelopment of the city centre could start. It is anticipated that this report will provide a framework for developers and investors to bring forward their individual plans for the development of their existing assets, and of course the City Council is a key owner of significant parts of the city centre

Work commenced in September 2008 and construction is now well underway to create the 170,000 sqft Severn Trent Centre on the site of the former St John's public car park and the ex Council Post and Fastprint building

2.5 Capital Receipts

2004/05 £m	2005/06 £m	2006/07 £m	2007/08 £m
30	25	15	11

The above table details capital receipts since 2004. These capital receipts are then ploughed back into corporate priorities.

The current economic situation and the weakness of the property market is having a serious impact on the level of capital receipts this financial year.

Disposal of land and surplus property so far in 2008/09 have generated capital receipts of £4,761,245 with a further £1,245,500 of receipts being generated from the disposal of poor performing assets within the commercial portfolio.

2.6 Energy and Sustainability

In line with new statutory requirements Display Energy Certificates (DECs) have been prepared for 119 operational sites.

The Council has appointed a local company to carry out the first phase of producing Energy Performance certificates (EPCs) for Council owned commercial properties such as shops, offices and industrial units due to be marketed. These certificates provide energy information to the prospective tenant or purchaser, to help them rent or buy the right property for their needs.

3. Measuring Progress through Performance Indicators

3.1 Data requirements

Accurate and robust information in relation to the Council's property portfolio is pivotal to all aspects of asset management. Accurate data moves forward into accurate and relevant performance measurement and a successful performance management regime provides the key to reporting progress, identifying weakness and benchmarking against industry standard performance.

The Council is currently implementing a Property Asset Management System (PAMS) which will improve the availability and connectedness of property related data.

The Council intends to improve the performance of its property portfolio by collecting the following performance indicators:

3.2 'National Property Performance Management Initiative' Property Indicators (NaPPMI)

The use of property performance indicators is recommended and endorsed by the DCLG (Department for Communities and Local Government) and the DCSF (Department for Children Schools and Families) as a valuable means of measuring and comparing performance in asset management.

The National Property Performance Management Initiative (NaPPMI) property indicators replaced the similar COPROP property performance indicators established by the former Office of the Deputy Prime Minister and the Association of Chief Property Officers.

There are 7 sets of 'NaPPMI' property indicators relating to

1	Condition & Required Maintenance
2	Environmental Measures
3	Suitability
4	Access to public buildings
5	Sufficiency of Office Space
6	Spend on Property Costs
7	Time and Cost Predictability on New Projects.

The intention of the NaPPMI indicators is that local authorities choose to collect only those indicators which will provide beneficial data to them.

Data for 2008/09 is being collected for Coventry City Council and analysed against the following selected NaPPMI Indicators:

NaPPMI Indicator 1 – Condition & Required Maintenance	
A	% of Gross internal floor space in condition categories A –D
B	Required maintenance by cost, expressed <ul style="list-style-type: none"> i. As total cost in priority levels 1 – 3 ii. As a % in priority levels 1 -3 iii. Overall cost per sqm GIA
C	Annual % change to total required maintenance figure over previous year
D	Maintenance Spend <ul style="list-style-type: none"> i. Total spend in previous financial year ii. Total spend per sqm GIA iii. % split between planned & responsive maintenance

NaPPMI Indicator 2 – Environmental Property Issues	
A.	Energy Costs/Consumption <ul style="list-style-type: none"> i. £ spend per sq m GIA ii. Kwh per sq m GIA
B.	Water costs/Consumption <ul style="list-style-type: none"> i. £ spend per sq m GIA ii. Cubic volume per sq m GIA
C.	Co2 emissions – tonnes of carbon dioxide per sq m GIA.

NaPPMI Indicator 4 – Access	
A.	% of portfolio by GIA sqm for which an Access Audit has been undertaken by a competent person
B.	Number of properties for which an Access audit has been undertaken by a competent person
C.	% of the portfolio by sqm GIA for which there is an Accessibility Plan in place
D.	Number of properties for which there is an Accessibility Plan in place.

NAPPMI Indicator 7 – Time and Cost.
<p>Time Predictability - Design: The % of projects where the actual time between 'commit to design' and 'commit to construct' is within or not more than 5% above the time predicted at 'commit to design'.</p>
<p>Time Predictability - Post Contract: The % of projects where the actual time between 'commit to construct' and 'available for use' is within or not more than 5% above the time predicted at 'commit to construct'</p>
<p>Cost Predictability – Design: The % of projects where the actual cost at 'commit to construct' is within +/- 5% of the cost predicted at 'commit to design'</p>
<p>Cost Predictability – Post Contract; The % of projects where the actual cost at 'available for use' is within +/- 5% of the cost predicted at 'commit to construct'</p>

3.3 Progress of Coventry City Council re NaPPMI indicators for 2008/9

3.3.1 - NaPPMI Indicator 1 – Condition & Required Maintenance

Condition surveys have now been completed on all operational properties except for schools (all secondary schools were surveyed as part of the BSF programme) The surveys exclude all commercial property, except those subject to significant internal lettings and surplus properties or those imminently due to close.

The data from the condition surveys is now being analysed to get an accurate position on the maintenance backlog, which will illustrate the severity and extent to which the maintenance backlog affects the portfolio. From this data it will be possible to report on Parts A and B of this indicator for 2008/09.

3.3.2 - NaPPMI Indicator 2 – Environmental Property Issues

The Council's Energy Team are already collecting data in respect of energy and water consumption for the operational portfolio.

Once all the data for the operational portfolio (excluding schools) is collected for this financial year (likely to be by September 2009) it will be analysed against the criteria for NaPPMI indicator 2 to highlight areas of poor or mediocre energy and water efficiency/performance and will hopefully act as a catalyst for improvement and to encourage more efficient use of assets over time with year on year improvements in efficiency.

Data collected can also inform the Council's Climate Change Strategy 'Carbon Reduction Programme' and will also compliment the process of preparing energy display certificates for operational buildings.

3.3.3 - NaPPMI Indicator 4 – Access

Between 2005 & 2006 a total of 110 access audits were carried out on Council buildings where the public had access (under the former BV 156) and 93 audits were completed on Council properties where the public only had access by invitation. Since then the Council has been recording data for this indicator to monitor progress in providing access to operational buildings for people with disabilities

Following on from the initial surveys a programme was introduced to carry out priority works on 25 Council buildings. This programme of works is reported to the Disability Equality Advisory Panel and Cabinet Member (Neighbourhood, Health & Equalities).

3.3.4 - NaPPMI Indicator 7 – Time and Cost.

The Major Projects Team have just collated data in respect of NaPPMI Indicator 7 on all new projects commenced from January 2007.

3.4 Reporting on Performance Indicators for 2008/09

At this stage, not all the data is either available or has been fully analysed and officers are therefore not yet in a position to report back on the above four NaPPMI property indicators for 2008/09. It is therefore proposed that a further report be brought back later on this year (see below) reporting on the analysis of the data gathered for submitting the indicators.

3.5 Proposed Reporting on Performance Indicators for 2009/10

In the meantime as well as analysing the data for 2008/09 it is also proposed to start to assess the merit and relevance of collecting data on the other NaPPMI indicators listed below:

NaPPMI Indicator – 3 Suitability Surveys
A % of portfolio by GIA sqm for which a suitability survey has been undertaken over the last 5 years
B Number of properties for which a suitability survey has been undertaken over the last 5 years.

The objective of this indicator is to encourage local authorities to carry out suitability surveys enabling them to identify how assets support and contribute to the effectiveness of front line service delivery and to enable local authorities to understand their asset base and to ensure property meets the needs of the user.

Although this is the best indicator for measuring the suitability of individual properties for providing the services operated from within them, further thought needs to be given as to the best way of collecting this data.

Further discussions will, therefore be held between officers in Strategy & Performance and Operational & Facilities Management to assess the value of carrying out suitability surveys in the coming year.

NaPPMI Indicator 5 – Sufficiency.
A1 a) Operational office property as a percentage of the total portfolio and b) Office space per head of population.
A2 Office space as a percentage of total floor space in operational office buildings using NOS to NIA.
A3 a) The number of office or operational buildings shared with other public agencies b) The percentage of office or operational buildings shared with public agencies.
B1 Average office floor space per number of staff in office based teams
B2 Average floor space per work station (not FTE)
B3 Annual property cost per workstation. (not FTE)

The objective of this indicator is to measure the capacity and utilisation of the office portfolio (since there is an implicit assumption that services should be delivered in the minimum amount of space).

Feasibility analysis of city centre office accommodation was carried out by external consultants in 2006, but no current data is available. However, it is likely that further information will have to be collected as part of an imminent central office review, but as yet, officers are not in a position to fully collect and analyse data on this indicator.

Data in respect of sharing operational buildings with other public agencies will be gathered as part of the ongoing mapping exercises of Council properties along side those of our partners (at this stage the Primary Care Trust and the Police Authority). Further detail on this mapping exercise can be found in the annual Asset Management Plan.

NaPPMI Indicator 6 - Spend
A Gross Property Costs of the operational estate as a % of the Gross Revenue Budget.
B Gross Property Costs per sqm GIA by CIPFA categories/types

The objective of this indicator is to measure overall property costs and changes over time.

'Property costs' should include all costs associated with the running of property excluding all management costs, but includes repairs and maintenance, energy & water, grounds maintenance, rent, rates, cleaning, insurance, security, caretaking.

In view of the number of elements making up the property costs for this indicator it is likely that it will have to be backed up by a number of local indicators developed over

time relating to the various elements of the property costs. Just relating to the high level figures alone it is not a particularly relevant or useful indicator upon which management action could be built or sustained.

Certain aspects of this exercise have already begun, for instance a review of property repair & maintenance revenue budgets across the directorates has just been undertaken and the Operational & Facilities Management Team annually record data on the running costs in respect of the central office accommodation. A considerable amount of work, however, still needs to be undertaken before officers will be in a position to collect and analyse comprehensive data on all property costs across the operational portfolio.

4. Benchmarking of Performance Indicators.

In establishing a framework for performance management it is essential to optimize the use of relevant benchmarking to provide useful comparator information.

The Council subscribes to the IPF 'Property Performance Management Initiative' and once officers have sufficient data for the four NaPPMI indicators to be reported on for 2008/09 this data will be directly inputted into the IPF website alongside our 'Octopus Group' partners.

The Council is a member of the 'Octopus Benchmarking Group' which consists of eight local authorities of a similar size (Southampton, Portsmouth, Stoke, Leicester, Gateshead, Derby, Telford & Wrekin). The group meets on a quarterly basis and provides members with the opportunity to benchmark their performance indicators as well as sharing and comparing policy and issues relating to asset management.

At the moment the Octopus Group are only collecting data and benchmarking on the NaPPMI indicators for the operational portfolio, but it has been agreed that in the future it will also look at setting up benchmarking against local indicators gathered on the investment portfolio.

5. National Performance Indicators.

Of the 198 national performance indicators for local authorities (of which the Council has to report on 35) there are 2 indicators which have specific property implications to the Council as property owners:

NI 185: CO2 reduction from local authority holdings
NI 194: air quality -% reductions in NOX and primary PM10 emissions through local authority estate and operations.

These national indicators are monitored by Cabinet Member (Climate Change, Housing and Sustainability)

The Council’s commitment to climate change is demonstrated in its Climate Change Strategy approved by Cabinet in March 2008 which commits to reduce the Council’s carbon emissions by 30% by 2013 and clearly signposts the way the Council can use its property holdings to achieve Council objectives on Carbon emissions.

6. Local Indicators collected quarterly through the Property Management Operational Plan

Local indicators are an important element of measuring and managing performance and the following local indicators are currently measured within the Property Management Operational Plan 2008/09.

Major Projects
Major Projects completed in 2008/09
Anticipated spend against programme
Property Capital Programme
Health & Safety Compliance:
No of electrical surveys/inspections based on cyclical requirements
No of legionella surveys /inspections based on cyclical requirements
No of security policy compliance audits undertaken
No of properties with Local Asbestos Management Plans undertaken
No of fire safety audits undertaken on operational properties
No of Council operational properties with access improvements undertaken
No of service moves completed
No of energy certificates issued.
Capital Receipts & Revenue from Commercial Portfolio
Receipts target – from land disposals
Receipts target – investment portfolio
NNDR savings progress
Service Asset Management Plans
Completion of Service Asset Management Plans in 08/09

These indicators are, however focused on delivering the operational business plan for the year and as such are not all property performance specific. The intention therefore is to review the local indicators used as part of the Property Management Operational Plan 2009/10 and to identify additional local performance indicators which will specifically measure property performance.

7. Ongoing Monitoring and Review Process.

Property provides a significant contribution to the delivery of the Council's vision, priorities and services. Our property assets offer huge potential for new ways of working and service delivery, but this can only be realised if we focus on a strategic performance driven approach to asset management.

Performance indicators, whether national or local, must support the reason for holding property through ongoing monitoring and review of the asset management process.

This report, which sets out the process for establishing a performance management framework, is very much an initial report which should be read in conjunction with both the Corporate Property Strategy 2006 and the annual Asset Management Plan for 2009/10.

As part of the ongoing monitoring and review process officers will present a further report in autumn of this year updating on the analysis of NaPPMI indicators reported for 2008/09, together with progress on gathering and analysing data for submitting further NaPPMI indicators for 2009/10 and identifying a set of property specific local indicators to be collected and monitored through the Property Management Operation Plan 2009/10.

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March 2009.