

Asset Management Strategy 2007 - 2011

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1.0 Introduction and Mission Statement

- 1.1 The Council's Property Strategy Plan of 2002 is now out of date. Despite later revisions to put structure into how surplus land and property may be disposed of to support growing demand for services, the Council understands that a completely new strategy is needed.

The view was reinforced by the Comprehensive Performance Assessment received in 2007. This strategy document is based on advice received in recent Government Guidance and National Best Practice but, above all, our local circumstances here in Thanet. We will fully understand the value of our land and property better, and make full use of these assets.

MISSION STATEMENT

**'To enhance Thanet's Public Services
through effective property management.'**

2.0 Strategic Background

2.1 Outline and Purpose of Document

The Council is responsible for the delivery of a range of public services across the district and plays a key role in community leadership; translating the expectations and aspirations of the community into its own actions and influencing the actions of others.

This document is very important to Thanet Council and its ability to make decisions with regard to investing in the community's assets, ensuring the best decisions are made for the future of Thanet and its residents. The purpose of this strategy is to provide a clear system of understanding the value and condition of the property the Council holds. This will ensure that the maximum benefit from the property portfolio is achieved. Balancing a disposal programme with the production on income to invest in retained property.

The structure and content of this document aims to tell the reader why asset management is an essential part of the Thanet Corporate Plan. It explains why we own assets and how we will regularly review those assets to understand their value. Thereby enabling decision taking to be transparent, with consultation a central theme to potential disposal.

2.2 Council in Context

Thanet is a unique coastal District. Its community enjoys a rich coastal environment, with 20 miles of still largely unspoiled coastline. However, by contrast the District remains the third most deprived in the South East, with six wards which rank in the 10% most deprived in England. Despite its location in the Nation's most prosperous region, unemployment is significantly higher than the National Average. Across most socio-economic indices Thanet residents will fare worse than most of Kent and the South East. Around 33% of Thanet residents have no qualifications and the average weekly income is £90 less than that of the average for the South East. This sense of contrast also extends to the area's economic infrastructure, which has been largely shaped by the history, fortunes and economics of the English seaside holiday.

This is changing. The Council has worked hard over the years, and a big increase in new development has occurred. New infrastructure, albeit belatedly, is following, including faster rail linkage to London. Improvement is reflected in consecutive assessments of the Council itself. Recent Audit Commission inspections have been increasingly positive. Progress has also been recognised in other forms of external review, such as Investors in People, and receiving approved ILM Centre status by the Institute of Leadership and Management. Capacity. Improved performance management has allowed the Council to focus on areas of weakness and areas seen as priorities by local residents, decisions being informed by extensive consultation with customers.

With the publication of the 2007-11 Corporate Plan, the Council will provide high quality services in the most cost effective and efficient manner possible. This will be supported by an Asset Management Strategy that enables decision-making against a background of accurate and up to date information.

2.3 Summary of Types of Properties Owned

The Council is a significant property owner, the history of the three seaside towns, Margate, Broadstairs and Ramsgate, has resulted in a substantial legacy of property being held by the Council. Obviously, land and property is needed by the Council to deliver its own services, most visibly refuse collection, street cleansing and working with Thanet Leisure Force to deliver leisure services to the community. There is, however, a reduced need to own large amounts of office space.

Much of the Council's land and property, like the footpaths and promenades, or meeting halls, do not on their own produce much income, but these assets are very important to local people; they are described as "Community Assets".

The properties owned by the council are categorised as explained in section 4. They include the following. Most are very well known to residents. So unsurprisingly residents want to have their say in how the assets are used. This Strategy acknowledges and welcomes public consultation.

- Thanet District Council operational – our main offices in Margate, but also the range of sub-offices and depots our employees work from.

- Sports and Recreation

These cover our three key sports centres, Hartsdown Leisure Centre, Ramsgate Sports Centre and Ramsgate Swimming Pool, providing leisure services through our contractor Thanet Leisure Force. This also covers the parks and public spaces the Council holds. The Council understands the important value these spaces create for the community, and the recent "I Love Dane Park" campaign has emphasised this.

- Entertainment

Properties for entertainment mostly date from the 'seaside resort' period of our history, dating back to the early 20th century. Buildings such as the Winter Gardens, which hold a sense of history of the area, but with changes in entertainment, have seen a decline in demand.

- Infrastructure

Thanet holds title to very distinctive infrastructure, of great value to the Council, but also to the community and the heritage of the area. In this category the Council owns 20 miles of coastline. The district is lucky to have an almost complete lower promenade, giving excellent public access. Public surveys have identified the value of this to not only residents but also visitors. The maintenance costs of these engineered structures is estimated to be massive. Within this category, the Council also owns the Port and Harbours which are valuable assets delivering income.

2.4 How we Fund Investment

Capital investment on General Fund assets can be funded by:

- Capital Receipts
- Borrowing
- Revenue
- Grants and Contributions
- Income

The Council's General Fund revenue budget is under considerable pressure and a budget gap is forecast for future years. This forecast gap is being tackled by the Council's Value, Improvement and Review Programme 2007/11, but there are unlikely to be any revenue resources available to fund capital works to the Council's properties over the term of this Asset Management Strategy.

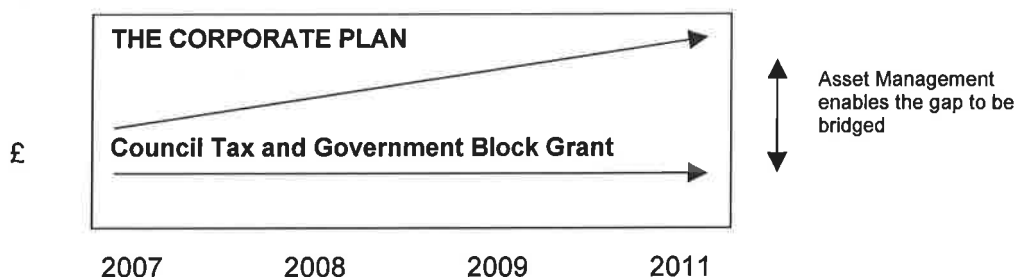
Due to the General Fund revenue budget pressures unsupported borrowing will generally only be undertaken where there is a neutral or positive impact on the revenue budget, for example invest to save projects.

Therefore the Council needs to generate capital receipts from disposals of assets, in order to fund the major part of the capital programme. A procedure to identify surplus properties is set out in sections 5 and 6 of the Strategy. It is based on monitoring and review of the Asset Register. In this way officers bring forward reports for Members to consider and decide.

Grants and contributions towards capital expenditure on assets are actively sought. For example the European Regional Development Fund provided over £1million towards the cost of building an Innovation Centre. Externally funded schemes can however add to the revenue budget due to running costs of the buildings or maintenance requirements specified within the grant conditions (section 6 of the Strategy).

2.5 Financial Situation

The Council's Capital Programme is focussed on achievement of the Corporate Plan. With projects like improving swimming pool provision being a major expense. The figure below shows how increased spending to provide what residents want can only be provided through the Asset Management Strategy. The Council's Block Grant from Government, and the proportion of Council Tax is allowed to spend is required to maintained existing services.



An annual revenue programme of works to the Council's assets is in place to meet the cost of reactive repairs, recurring maintenance and some planned works. The table below sets out the revenue funding included within the Medium Term Financial Strategy.

A big repair deficit to the property portfolio has been reported. This Strategy describes how records are being updated to enable decisions on whether to dispose or invest in individual properties to be taken against empirical data. In general it is not in the Council's, and residents, best interest for Thanet to retain properties in poor repair, especially if such property is not being put to good use.

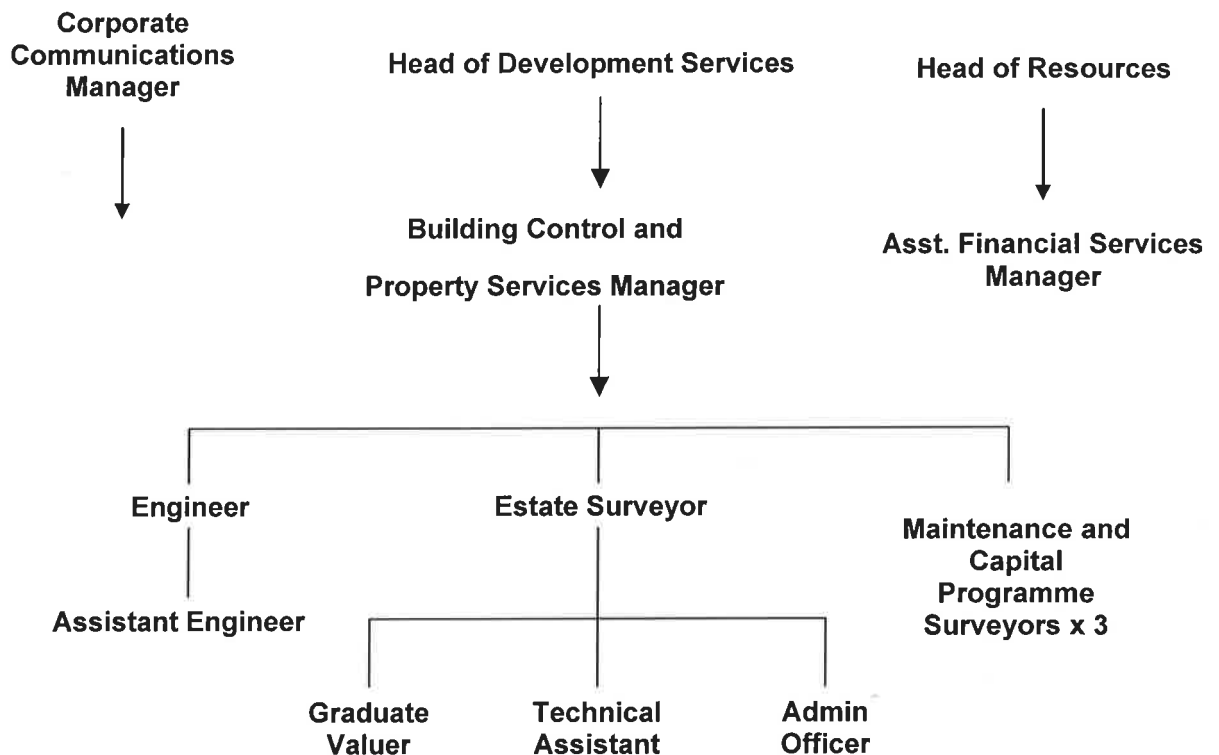
	2007/08	2008/09	2009/10	2010/11	Total
	£	£	£	£	£
Miscellaneous Properties					
Reactive Maintenance	307,080	310,250	313,430	316,630	1,247,390
Recurring Maintenance	218,250	220,350	222,470	224,590	885,660
Programmed Works	75,890	76,670	77,460	78,260	308,280
Upper and Lower Promenades	150,000	151,550	153,110	154,690	609,350
Port and Harbours					
Reactive Maintenance	57,310	57,900	58,490	59,080	232,780
Recurring Maintenance	34,650	34,980	35,330	35,680	140,640
Total Budget	843,180	851,700	860,290	868,930	3,424,100

General Fund Revenue Expenditure Projections – Asset Related

2.6 Organisational Structure

Asset Management is organised within teams - Estate Management, Coastal Engineering and Surveying. These teams operate under the leadership of the Building Control and Property Manager within the Development Services Department.

Of equal importance, because of the links to the Medium Term Financial Strategy are the Head of Resources and her staff. Plus, during the consultation phase on the annual round of potential disposals, the Corporate Communications Manager and her team.



- The work of this group feeds into the Asset Management Strategy Group, membership of which comprises:
 - Portfolio Holder, Economic Prosperity and Culture
 - Strategic Director
 - Head of Development Services
 - Building Control and Property Manager
 - Assistant Financial Services Manager / Head of Resources
 - Estate Surveyor
 - Property Surveyor (Major Developments)
 - Planning (Strategic Sites) Manager
 - Corporate Communications Manager

The Group meets regularly to review reports about the Asset Register, and consider potential disposal/developments to bring forward to Cabinet. The Major Developments staff represented on the Group have a key role; they make the links, often through preparation of schemes to secure planning consent, between release of assets and achievement of the objectives within the Corporate Plan, in particular those regarding economic regeneration prosperity.

The Asset Management Strategy Group produces reports on potential disposals, for consideration of Members. Section 7 of this document – the Asset Management Plan 2007-2011 explains how reports are brought forward for consideration and decision.

3.0 Strategic Direction – The Corporate Plan 2007 - 11

The Council is very clear about what it wants to achieve. Its objectives reflect the Government Guidance needs and requirements of local people. The Council has a Corporate Plan for 07-11, aimed at continuing to make Thanet a good place to be, which also provides opportunities meeting the expectations of residents.

3.1 Key Priorities and Targets

Thanet's Economy

Dynamic management of assets, aligned to an efficient Planning Service, will help generate jobs. The Council will work with developers and inward investors.

Thanet's beautiful beaches and coastal location offer a unique setting for both businesses, visitors and residents, and the Council intends to maximise its coastal and marine potential to expand the visitor base. The council aims to create Thanet to be a destination of choice for weekenders in the South East and the day trip destination of choice for people in East Kent. To achieve this, the Council is aiming to:

- Develop key industrial and employment sites
- Support the creative and cultural visitor economy
- Implement the vision for Westwood
- Diversify the Port of Ramsgate
- Develop Margate town centre
- Support the development of Kent International Airport.

Safer Neighbourhoods

The Council intends to make Thanet a safe place to live, and reduce people's fear of crime. This is something that the Council cannot deliver on its own, and will work closely with the Police and other partners to reduce crime and associated behaviour in Thanet. To achieve this the Council is aiming to:-

- Make Thanet's streets safer at night
- Reduce both incidence and fear of crime
- Develop diversionary activities to prevent and reduce offending / re-offending rates

Healthy Communities

We intend to improve the healthy and well being of people who live in Thanet. Promoting a feeling of belonging for all residents. Tackling genuine feelings of inequality, and giving residents every opportunity to be involved in decision taking.

- Increase opportunities for exercise and play
- Promote healthy lifestyles
- Support the establishment of community space in Broadstairs and Ramsgate

Beautiful Thanet

Thanet has some of the most beautiful beaches in the England and therefore it is vitally important that the Council improves and maintain high levels of cleanliness in Thanet. An improved standard of the services which have a direct impact on the appearance of the streets, beaches and open spaces, is important to the residents of Thanet and it is important for us to work towards high levels of public satisfaction.

- Strengthen enforcement activities – especially in problem areas
- Improve the environment within busy areas and on the approaches to Thanet
- Increase domestic recycling levels to 40% by 2011
- Provide the whole district with access to separated waste collection
- Improve the level of cleanliness across the district
- Provide new swimming pool facilities.

Quality Housing

The Council wants to ensure that irrespective of income or tenure, people in Thanet have access to good quality and secure accommodation that they can afford. To achieve this, the Council is aiming to:

- Ensure that the planning system is used effectively to deliver new affordable housing, with a target of up to 30% of homes on eligible sites being available to rent or buy by households on low incomes of a mix that meets identified housing need
- Work with RSLs and other partners to provide more specialist accommodation for the frail elderly and other vulnerable groups (RSLs Registered Social Landlords)
- Continue to improve housing conditions and the housing market in Cliftonville and Margate central

- Promote initiatives and investment to tackle fuel poverty for people on low incomes , living in poor quality housing
- Reduce the number of vulnerable people living in non decent accommodation (PSA7) through effective hmo licensing and enforcement activity
- Reduce the incidence of homelessness and repeat homelessness and reduce the number of households living in temporary accommodation
- Provide the opportunity to build quality homes.

A Modern Council

The Council intends to make the best use of its resources to provide residents with high quality, consistent and efficient services. It aims to do this by continuing to evolve our internal processes, systems and management to make the best use of people, technology, buildings and assets and that all these elements of the Council enhance service delivery, in both the short and medium term.

- Open the integrated Thanet 'Gateway' in central Margate
- Developing and publishing Service Standards across major service areas
- Implement a specific standard that delivers effective and fast response to resident queries and complaints about key Council services.
- Implement a process to give high profile scrutiny of complaints.

3.2 Are These the Right Aims? Is This What People Want?

Thanet Council has worked hard to ensure the needs of the community are met, and to ensure that what it is striving to achieve is what people in the local area are looking for. The Council has undertaken extensive consultation through the MORI survey in 2005; this identified the key concerns for residents in Thanet as:

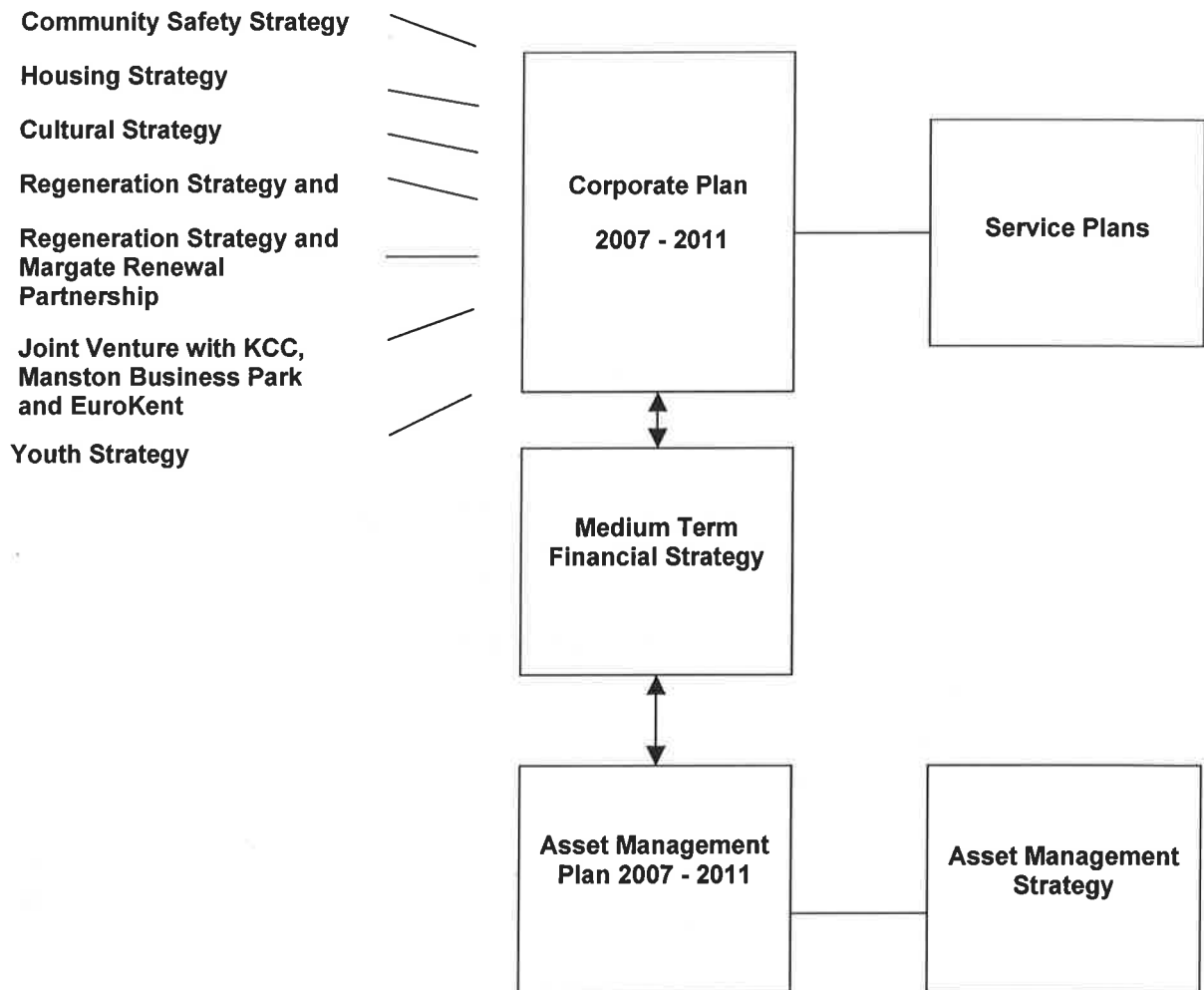
- Cleaner Streets
- Reducing Crime
- Activities for teenagers

From this consultation a Resident's Panel was set up, a representative sample of Thanets population allowing 1000 members of the community to be consulted on various different issues and decisions the council has made.

Further extensive consultation has continued with the development of the Corporate Plan for 07-11 to ensure the Council achieves what the public want. Helping us shape priorities for next four years.

3.3 Priorities, Policies and links with Our Partners

The diagram below identifies the relationship this Asset Management Strategy has with the Council priorities and how this links in with other strategies and, most important of all, implementation via Service Plans. The more explicit we can make these links, the easier it is for our partners from the private, public and voluntary sector to work with us.



4.0 Strategic Context

4.1 Our Philosophy, Why Do We Own Property and Why do We Need to Keep It?

Residents and businesses in Thanet expect the Council to provide them with good services. They also expect the Council to have a clear vision of the future, and how the best possible outcomes for our district will be achieved.

We believe that our Corporate Plan correctly addresses the point. Change is implicit within the Plan. Nothing remains the same, Local Government finance changes, law changes, technology advances and therefore the Organisation's workforce must also change. Yet the land and property owned by Thanet is regarded sometimes as 'static'.

Most of the property we own has been in public ownership since before the formation of Thanet District Council in 1974. Historically, Local Councils were large Organisations with wider powers and greater funding than is the case today.

Two challenges in particular emerge from this. Do we actually need all the property we own to deliver our Corporate Plan and, secondly, can we afford to maintain the extensive Property (Asset) Register we own. Both these challenges will be met by a strategic approach to Asset Management. This involves regular review of the Asset Register and questioning of what we really need to achieve in terms of Asset Management to make the Corporate Plan happen. The wrong approach would be to regard our property portfolio as 'static', and base our services on that assumption. Residents have told us that they want to see change; a dynamic approach to Asset Management is therefore needed.

4.2 Categorisation of Assets

A key element of our review of the Asset Register is distinction between the types of property we own. Thanet will use the categories as defined both by the Chartered Institute Public Finance Accountancy (CIPFA), and the Royal Institute of Chartered Surveyors (RICS). This means that with reference to CIPFA Guidance Notes and Good Practice our property assets will be reported in a manner consistent, and therefore comparable with, other local authorities. The categorisation is similar to that of the RICS Valuation Standards, giving the further advantage of making our Asset Register consistent with the property sector in general.

The categories are:

Operational assets

Property held, occupied, used or contracted to be used on behalf of the authority in the direct delivery of services for which it has a responsibility, whether statutory or discretionary or for the service of strategic objectives of the authority.

This category includes (the list is not exhaustive)

- Land associated with operational property
- Offices
- Sports centres and swimming pools
- Depots and workshops
- Museums and galleries
- Non Housing Revenue Account (HRA) dwellings
- Crematoria and cemeteries (buildings only)
- Off street car parks

NB: Council dwellings are included as operational in the CIPFA Guidance, but will not be part of the Asset Management Strategy at Thanet.

Though not examples included in the CIPFA Guidance, the Port and Marina (at Ramsgate) should be treated as operational.

Infrastructure assets

Infrastructure assets are inalienable assets, expenditure on which is only recoverable by continued use of the asset created, ie there is no prospect of sale or alternative use.

Examples of this category include;

- Footpaths
- Bridges
- Water and drainage
- Promenades
- Coastal defences

The Council is responsible for a substantial coastline, most of which is protected by lower promenade. The Council has always been responsible for maintaining these structures, and indeed upper, cliff-top promenades. But this has been from a discrete Coast Protection Budget, rather than within the framework of asset management.

Community Assets

Community assets are assets that an authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect of sale and change of use. If the asset is used for a specific operational purpose it does not qualify as a community asset.

Examples of community assets include;

- Parks (but not a golf course within a park)
- Historic buildings (but not used for, say, a museum)
- Cemeteries and crematoria (land only)
- Allotments (where there are restrictions on alternative uses)

Non-operational assets

Non-operational assets are those held by an authority but not directly occupied, used or consumed in the delivery of services, or for the services or strategic objectives of the authority. The classification emphasises that the decision to classify something as non-operational focuses on the authority's objectives in holding the asset, and not on whether the authority itself occupies the asset.

Examples (this list is not exhaustive) include:

- Assets under construction
- Land awaiting development
- Commercial property, leased/rented to other parties and producing income. But not for the delivery of Council services by a third party
- Investment property, acquired/held with the express intent of increasing value for subsequent realisation
- Golf courses and sports pitches
- Surplus

The key question then is, "Should the Council own a particular property?" Understanding the above classifications helps satisfactorily address the question. Some rationalisation, and selling of surplus sites, is already supporting Council financing of investment programmes, particularly the Capital Programme and the Corporate Plan. It has also saved revenue costs on upkeeping land and buildings we did not need. Decisions should on the basis firstly of operational need, and subsequently on the basis of cost or value to the Council, justify themselves. It would be wrong to retain non-operational assets that place a financial drain upon the community, unless the community agree that these assets provide a benefit worth paying for.

Raising funds from assets does, of course, also make it possible to repair; or, focus investment on other Council owned property our residents consider to be landmark local amenities. It also has the potential to enable step changes to be made in priority services and community facilities through strategic investment. Part of our philosophy on Asset Management must be community leadership. For example we must set a good example to others on maintenance of the scores of Listed Buildings we own, and the provision of a barrier-free environment into our public buildings to those with a disability.

4.3 Strategic Approach to Property

The Council realises, to make informed decisions regarding its Property Portfolio, it must first understand each property, its value in both monetary terms and with respect to community benefit. This is because of the amenity it may provide, and the opportunity cost of alternative usage to increase either community benefit or financial value. Much information already exists on various databases concerning the property portfolio. But it is not possible at the moment to identify the full utility, level of repair and running costs, including energy efficiency, of all of the Council's properties. Consequently, a major plank of the strategic approach to Asset Management is investment in establishing a wholly updated database.

In the meantime, a decent start has already been made. The Council has in place the Asset Management Group, and membership includes the appropriate Cabinet Member. In recent years this Group has brought forward several sites considered surplus by the Council for disposal, and thereby contributed to funding corporate priorities. In bringing forward this work to Cabinet for decision, the Group was always mindful of the purposes the Council has for owning property.

These are, and remain:

1. To meet the Council's Statutory Obligations.
2. To enable the provision of its Operational Services to local people.
3. To support and achieve Council objectives as set out in the Corporate Plan and supporting/related plans.
4. To generate income.

The Corporate Plan is explained at section 3 of this document when considering our strategic approach to property, the following parts of the plan are particularly relevant.

- (i) During 2006/2007, the Council embarked on a widespread programme of public engagement concerning swimming pool provision. This subject is important to local people. We are a series of seaside towns and communities, and swimming pool facilities have traditionally been important, with the public telling us they still are. Better provision will not just show the public that the Council listens, but will also strongly support our objectives to provide better leisure facilities and, in association, support health promotion.

The cost of improving swimming pool facilities will be considerable; this is understood by both the Council and local residents. At the time of drafting this document, a conclusion has not yet been finally reached, but it seems likely that the Council's Programme for the next three years will be sharply focused in this direction. To fund construction and commissioning of improved public swimming facilities.

- (ii) In support of its Regeneration Objectives, the Council has signed Heads of Terms with Kent County Council on a joint development approach to this Council's land at Haine Road (EuroKent) and the County Council's land at Manston Business Park. Whilst local unemployment remains twice the regional average, success is vital but, to achieve take-up and development of land on both sites, infrastructure costs must be borne early in the development, although there is one major difference between this key project and that of improving swimming pool provision. Whilst swimming pools are essentially a service which incur substantial running costs – any expenditure on infrastructure will be recovered by later receipts.

The Council already has Preferred Development Partners, and therefore disposals with planning consent or joint agreements on both sites will generate cash receipts. A process of recycling a proportion of receipts back into facilitation of further development will be established, thereby achieving a long-term income stream as well as a capital sum for disposal.

- (iv) Hitherto the Council, like most Local Authorities, has disposed by sale at auction of surplus land and property to raise funds. Advice is currently being taken on alternative mechanisms such as joint development with partners or with the Council retaining title to the land in question and sharing future income with the developer. It is thought this will be particularly relevant to key seafront locations. On such sites, income generation may be anticipated at high levels from the commercial sector. Further, it is likely to be in the community interest that an element of landowner control of prominent public buildings remains with the Council, such that care for especially the historic built environment is assured. The crucial point to joint ventures is that the development proposed must be viable commercially.
- (v) Strong progress has already been made by the Council in making more efficient use of its Margate office space. Rationalisation of floor space used directly by the Council has produced savings but, at the same time, quality and efficiency of servicing has risen. In short, money has been saved but Thanet's customers have not suffered any loss of service.

In January 2008, the new Service Centre opened, providing excellent new 'Gateway' facilities for our customers within the main Library in central Margate. The Centre will contribute to an improved access and aspect onto Cecil Square, and will reinforce our joint working with the County Council, Voluntary Sector and others.

Improvements in electronic communication, and moving towards working from home for some of our staff, will further reduce our need for office accommodation. This will provide more opportunities to save money which can be reinvested in priority actions.

Thanet District Council – Asset Management Strategy

- (vi) Market intervention by the Council, because of its constrained resources, must be by exception only. However, the former Marks & Spencer site in Central Margate is an example of partner funding acquiring the building for the Council so that Thanet will lead redevelopment of the site. This particular development is the flagship for reinvestment in Central Margate. Expert input from the Council will make sure that economically, commercially, architecturally and, in planning terms, the development is a success. It will be the catalyst for rejuvenation of the Town Centre but, during the process, some costs will be borne by the Council in facilitation of this change process. As is the case with the EuroKent and Manston Business Park venture, recovery of costs will occur at conclusion of the project, but Asset Management principles require that provision of these costs is made at the outset.

The project at Queens Arms Yard offers a smaller case study example of this proactive approach. Thanet's release of a small site in Margate Old Town will enable a scheme with three other property owners to proceed.

- (vii) Opportunities will be sought for the use of land and other assets in support of the corporate priority, Decent Quality Housing. The council will demonstrate wherever possible that it is prepared to use its resources and to take the lead in affordable housing development in partnership with its preferred Registered Social Landlord development partners.

Where suitable sites become available the affordable housing contribution must form part of the Development Planning Brief.

- (viii) Where appropriate, opportunities will be sought for the use of land in support of the development of a 'café culture' separately formalised through planning and licensing policies.
- (ix) The Quirk Review, "Making Assets Work" 2007, produced for the Secretary of State for Communities and Local Government, encourages an innovative approach to working with community groups. It says that effective community groups have lower costs than Local Authorities, and can therefore make better, and more cost efficient, use of public buildings. In Thanet, we have sometimes grant-funded groups using our buildings. Quirk tells us that a more holistic approach would be more successful, and have a better change of lasting success. The key, he suggests, is recognising community groups that are motivated and focussed. Their purpose is likely to complement the Corporate Plan.
- (x) In suitable locations the installation of telecommunications equipment will be supported to produce revenue generation. The principle of site and mast sharing will be supported.

4.4 Summary

Our strategic approach to Asset Management is two-fold. In the short term, through planned review of the Asset Register, against current category and usage, disposal of surplus property will fund the major investment needed by our Capital Programme. In the medium-term, because the Council does not have an endless supply of property, the emphasis will change toward ensuring that greater value is extracted from all properties, through joint ventures and partnership opportunities.

In parallel, the second major strand of work required is the establishment of an integrated land and property database. We have an Asset Register but a much better information database, in content and updating, needs to be developed. This will be imperative. At the outset our process will deal with those sites clearly recognisable as surplus. This will leave more complex decisions to be taken later, when Thanet will have better management information.

Finally, it is anticipated that into the medium-term there will be the opportunity to promote and enter into joint development projects, leaving the Council titleholder in receipt of enhanced income. Previously this has simply not been an option for the Council but, as values begin to rise and our Regeneration Strategy closes the gap between us and the rest of the South East, opportunities should be taken.

4.5 Energy Efficiency

Energy efficiency is high on the National agenda, and in Thanet it is important to have a positive impact on the environment.

- Minimise Thanet's detrimental environmental impact.
- Reduce revenue costs of operational buildings through improved energy efficiency.

4.6 Investment and Building up of Capital Fund

The relationship between Asset Management, Financial Management and the ability of the Council to deliver its priorities via the Capital Programme is crucial.

The table below shows that the current relationship between disposals and the Programme, subject to Cabinet approval, can achieve substantial funding, but the figure of £8.285m (as reported in February 2007) will not be sufficient to fund the scale of improved swimming pool facility anticipated by residents.

It is self-evident that readjustment of the current programme, to increase focus on swimming pool provision, is required; or, alternatively, the programme of disposals and developments may be accelerated. This would have an initial cost in terms of staffing, fixed term contracts or consultancies, and technical/legal costs.

Increasing income from review of the Asset Register to achieve market rents, and therefore lift annual income from the current total of £1.2 million, will support the financial position, as will better managed planned maintenance. Once the repair backlog diminishes, and with it the call for reactive repairs, more funding will be available to contribute to other areas, including the Capital Programme.

Capital Programme – Capital Receipts							
06/07		07/08		08/09	09/10	10/11	Total
54 Way, Stirling Way, Ramsgate	12,667.00	Pleasurama	555,000.00				
Chatham Street, Ramsgate	160,426.70	Manston Road allotments	1,500,000.00				
44 Hawley Square, Margate	255,000.00						
Coronation Crescent	159,495.94			Asset Management Plan 08/09 to be agreed	Asset Management Plan 09/10 to be agreed	Asset Management Plan 10/11 to be agreed	
16-18 Dane Hill Row, Margate	44,471.25						
Montefiore Cottages, Hereson Road, Ramsgate	63,263.08						
Sopers Yard, King Street plus refund of search fee	261,125.00						
Deposits for Sopers Yard (£25,582) and Montefiore Cottages, Ramsgate (£6,177.50)	31,770.00						
Disposals	988,218.97		2,055,000.00				
Unallocated Capital Receipts			566,000.00				To be agreed

4.7 Government Guidance

At the level of Central Government, a series of targets have been set to reduce the public estate, produce savings and release money for front line services. The Department for Transport, having an estate of £2.3 billion, is tasked with 20% annual efficiency savings. Lessons

it has learned concentrate on data collection. If the Asset Register is electronic and constantly updated, the information needed to take decisions is easy to extract. It does not have to be 'mined'.

Government expects local authorities to follow its lead, although it is understood that Councils do have special working relationships with local communities. Hence the significance of Quirk being published this year.

The underlying message is that Councils will need to make Asset Management a central part of any major projects and objectives, showing the explicit relationship between property transactions and how finance released achieves goals supported by local people. In short, not only must Asset Management be close to forward planning, it must be evident in the Corporate Plan.

5.0 Strategic Analysis

The cost of owning and managing property is substantial; it needs to be closely managed in the interests of efficiency. To take well informed decisions, the Council needs to gather, collate and maintain good statistical information about its property. In basic terms, this must include a recent valuation, important because property value is rising, and is also needed for the Council's Balance Sheet. The other key statistics will be obtainable by a planned survey and inspection; the costs of executing necessary repairs can then be budgeted for.

Finally, in terms of economic contribution, up to date information on rents, lease and licence income received (along with any debts to be pursued) must be rigorously maintained. None of this is possible without data management.

5.1 Property Database

The Council has a plethora of available information, but it is not integrated. The Schedule of Properties, 'The Terrier', is paper-based, whilst the Estate Management information on Leases and Conditions is electronic - the 'Estate Man' software system. This software is not presently linked to the Council's financial system; CEDAR. Information technology advice indicates that a link is technically possible, but will require considerable work and some investment. Finally, a Survey of Repairs is held on a third system.

As a starting point, 'The Terrier' needs to be held on GIS (Graphical Information System). This will make amendment and maintenance much simpler and easier to use. Next, as a second priority, the existing systems for holding information need to be integrated. Options will be considered, but the 'Estate Man', subject to agreement from the IT section, does appear to be the most sensible way forward.

Once the Council has the benefit of an electronic database, it can put in place the mechanisms for maintaining data. This needs to happen in respect of the following subject matter.

1. Condition and Inspection Surveys on a five year 'rolling' programme, either by staff or appointed consultants.
2. 'Rolling' programme of valuations, again to be conducted by the Council's own qualified surveyors or, in specialist areas like the Port or Theatres, by external specialist consultants.
3. In terms of income-generating properties, details of the lease/rent/licence payable in order that maintenance of payments can be pursued, with interventional action taken at target levels. Obviously, this data must link directly to Financial Services and Debt Management.
4. Compliance with Tenancy/Lease Conditions, particularly regarding repair and maintenance obligations.

5. Maintenance Contracts – these recurring obligations, particularly on infrastructure like clifftop lifts or maintenance of community assets like public clocks, must be programmed and correctly carried out. The public notice very quickly if the obligations are not maintained.
6. Equality and Diversity is justifiably an objective of the Council. It is also relevant to the subject of Property Management because Council owned buildings to which the public have access should all be of full mobility standard. Sadly, we know that in Thanet this is not the case. Despite statistical evidence confirming that our resident population is of age profile, with morbidity ratios, etc. indicating that full accessibility is important, standards enabling those with a disability to enter Council-owned properties are not satisfactory. The Council urgently needs to improve its performance in this area. Indeed, the Extended Management Team has committed itself to achieving 100% compliance before 2008/2009. Progress will need to be quick, and it must be monitored.

5.2 Repairs and Maintenance

The Council has an estimated £2.5 million deficit of repairs on its property portfolio. This figure is not based on a detailed survey, but on a sample survey. It was reported by the East Kent Internal Audit Partnership in its report of April 2006. Because the Repairs Budget is less than £1,000,000 a year, much of which is allocated to routine/planned maintenance, it is self-evident that the repair deficit must be reduced quickly - the most efficient method being to dispose of those properties in worst repair (banded 'Poor') not needed to achieve the Corporate Plan or/and fulfil operational service.

The framework for achieving this reduction is the integrated property database as explained above. Surveying resources are being found to design a five year 'rolling' programme of surveys, compare this with existing records and thereby ensure that funding is apportioned to properties on the basis of cost benefit analysis – the fundamental need being to move repair funding away from reactive to pro-active allocation. In doing this, survey will result in categorisation of all properties into three repair bands, these being Good, Average or Poor. The table below shows broadly how Surveyors will classify properties.

Good	Routine maintenance only, including planned redecoration. Minor expenditure only.
Average	- some work required to prevent fall into 'Poor' classification; - either urgent, and of scale <£10k, or <5k and needed within three years;
Poor	- not compliant with Access Standards; - uncompliant with Statute Law (including Listed Buildings, electrics, asbestos etc.) - major energy efficiency weaknesses; - visible internal/external disrepair.

For various reasons repair surveys are in arrears. The only method of remedying this position, and thereby enabling the property database to be restored is to invest in appointment of specialist consultants to assist in revision of existing systems, to achieve integration of the terrier, validations and repairs surveys (costs) on the same electronic system.

Once in place the Council will systematically review the asset register, focussing on the classification, condition and usage of each property to inform decisions on repair, alternative usage or disposal.

Particularly attention will be paid to property which

- from the repairs survey, is banded as poor
- is classified as non-operational, but of nil, or limited income generation

This assessment assumes that the Council will maintain its operational properties in, at worst, average condition. With any deleterious conditions resulting in a banding of poor attributable to damage covered by insurance.

The objective into the medium-term of banding properties by repairs is that the Council moves towards holding all of its property in a good or average banding.

Integration of data will allow collection of running costs on a property specific basis. Thus each building can be recognised as a cost centre enabling performance on energy efficiency, and water consumption to be monitored. In terms of carbon footprint civic buildings, especially facilities like swimming pools and sports halls will also be monitorable. This is important because these type of buildings are potentially huge consumers of energy. Trend lines in performance will guide investment decisions.

The purpose of establishing an electronic, current database, is to embed decision taking based on known costs and statistics.

5.3 Required Resources

With reference to the Organisational Structure outlined in this Strategy, it is apparent that the Council has an Organisational Structure capable of taking innovative action to release and extract value from its Property Portfolio. Ongoing development, involving innovative approaches and community engagement, include the former allotments at Manston Road, Ramsgate and the pending scheme of joint disposal at Eurokent but there is not capacity to carry on this work whilst at the same time assembling and maintaining the database we need as the bedrock of strategic delivery.

Considerable investment is needed in catching up on property surveys in arrears, valuations in arrears and provision of an integrated electronic property database. The solution is not to employ more staff, increasing the establishment and the Revenue Budget cost base of the Council. Instead, a substantial but nonetheless essential and invaluable investment in setting up the framework for future delivery is needed. The one-off cost will be £250,000. From this sum separate contracts will be placed with technical specialists on property surveying, property valuation and software management – the latter working closely with our own IT section. Our property database must be integrated with the Thanet Suite.

The provision of £125,000 is allocated and being spent during 2007/08. A similar sum is identified for 2008/09.

6.0 Recommendations from the Asset Management Group

6.1 Purpose

The Asset Management Strategy Group is tasked with keeping the land and property owned by Thanet under review so that the Council can plan maintenance works and record the value of its property for financial reporting. In addition the Group does make recommendations on potential land and property transactions. Usually these will be disposals to fund objectives set out in the Corporate Plan. By exception there may be acquisitions to recommend if they support Corporate Plan objectives, typically in connection with economic regeneration. But even in those cases where purchase of property is recommended, other disposals would be needed to fund the acquisition.

6.2 Criteria for recommending disposal

Land and property identified as potentially surplus will be recommended for disposal if it satisfies the following criteria.

In disrepair, and not capable of renovation at reasonable cost	Yes	No
No alternate occupancy or usage viable including community occupancy (reference Quirk report)	Yes	No
Condition of land/property is a cause of complaint and/or breaches Statute or Health and Safety requirements	Yes	No
The property does <u>NOT</u> support the Corporate Plan	Yes	No
Value, through disposal or, development agreement, will produce significant receipt to fund the Corporate Plan	Yes	No

When making recommendations to Cabinet on potential disposals officers will state why a particular site does meet the criteria.

6.3 Options

Once it is agreed that the criteria justify either investment by way of redevelopment, or disposal, the Asset Management Group will consider how value can be added by the securing of a planning consent. Should that be so, a process, in accordance with Planning Law, of public consultation is undertaken.

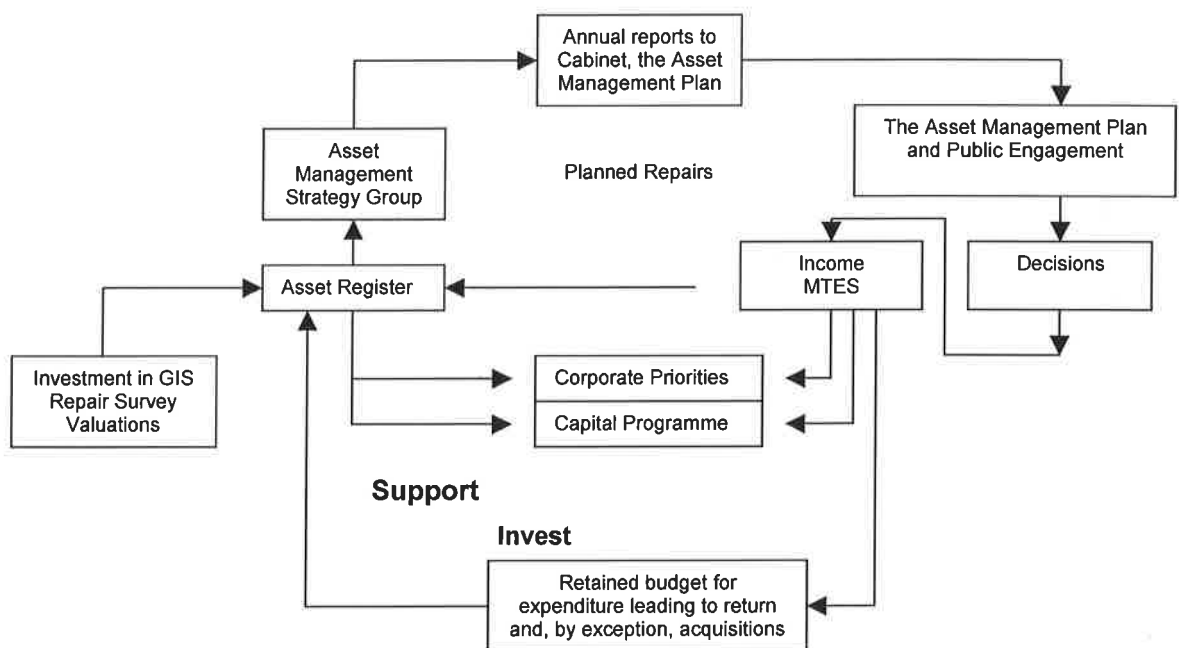
Alternatively, the Group could decide to redevelop a site with one of Thanet's appointed 'Preferred Development Partners'. This would generate an initial receipt, and then agreed proportion of profit, giving the advantage of phased receipt of income.

Both approaches make it possible for the Council to 'shape' what happens to the site or building concerned, and ensure that outcomes accord with the Corporate Plan. Better still, working with development partners helps us control timescale. The public do not like to see land previously in public ownership sold and then simply land-banked.

When making recommendations to Cabinet, as outlined in the Asset Management Plan (Section 7), Officers will always make clear the option recommended.

6.4 The Process

Review of assets is an ongoing job for officers. But recommendations for disposal will be made on an annual basis in the form of a schedule. The schedule will be produced in advance of budget setting, because it is an essential part of the subsequent capital programme. In short decisions on disposals will be taken before budget setting.



6.5 Decision Taking

The final decision on disposals, or acquisitions, will always be taken by elected members in Cabinet. Public consultation will help members to reach their decision, indeed public engagement is a cornerstone of the Asset Management Plan. It is important that the public understands how public property is being used to achieve the Corporate Plan.

7.0 2007 / 2011 Asset Management Plan

7.1 Context and Communication

Members and the public must understand the Council's Asset Management decisions if they are to support them. The Plan therefore concentrates on community engagement, giving a pivoted role to Ward Councillors.

Thanet Council acts as custodian of tens of millions of pounds worth of assets on behalf of the local community. This is a huge resource which can contribute to the lives of local people and local businesses. Like many communities, Thanet faces competing pressures to do and invest more. Residents also want to see tangible improvements to Council services and the area. Ensuring that services, sites, buildings and facilities remain current, up-to-date and modern is one of the Council's major challenges. In simple terms, the Council rarely has enough money to do everything that it and the community wishes. Good Councils address this pressure in a proactive way by:

- Having a clear understanding of the Asset base.
- Reviewing it regularly.
- Identifying assets that may be under-used, costing too much or suitable for alternative uses.
- Realising 'value' for reinvestment in assets, projects and programmes which are of long-term benefits.
- Taking Asset Management decisions on the basis of information.

Simply to maintain current infrastructure, the Council needs to generate substantial Capital receipts. On top of this there is a pressing need to modernise and invest in several projects and services which residents have indicated support for. These priorities include:

- Replacement Swimming facilities.
- Parks and Play Areas.
- Refuse and Street Cleansing Services.
- Regeneration and job creation.
- Maintenance of the seafront and beach facilities.
- Port of Ramsgate – which earns cash for the Council and is an important source of local jobs.

During the period 2007/08 – 2007/11, the Council has set out clear plans for improving the area. The Corporate Plan (and associated plans) can be found at www.thanet.gov.uk. The Corporate Plan clearly identifies the need to fund key investments through the Council's Medium Term Financial Strategy. Provision of finance relies greatly on use of assets, and this is explicitly set out in the Asset Management Strategy.

7.2 Our commitment to communicate, consult and listen to local people

This will, from time to time, give rise to proposals for the disposal of Council buildings, land and other property. The Council wishes any such proposals to be dealt with in a clear and transparent way. The Council will put in place arrangements to enable residents and, as their locally elected representatives, Ward Councillors, to consult on proposals for assets identified by the Asset Management Strategy Group (section 6 of the Strategy) **before** a final decision is taken.

7.3 The Procedure for Bringing Forward Assets for review

Step 1 – The Identification of Sites (usually by the end of March)

The four year Asset Management Plan will be divided into yearly Schedules or programmes. Each yearly Schedule will comprise between ten and thirty projects or sites. That list will be presented to the Cabinet between January and March, as a Work Programme that will fund Capital programme for the coming year and beyond.

The annual reviews are the responsibility of the Asset Management Strategy Group.

Step 2 – Notification to all Councillors on a confidential basis (usually completed by end April)

Once this Schedule is agreed, by Cabinet, all Members will be advised of the Schedule. This notification should normally be given by 1 April for inclusion in that year's work programme. Notification to Members shall take place within ten working days of the agreement of the Work Programme by Cabinet. Notification is confidential because consultation can therefore be planned, with Member participation, rather than carried out reactively.

Members shall then have a 10 working day period to contact Officers to express initial views on the proposals and/or present information or specific requests in relation to consultation on the proposal. Officers will seek to respond positively to requests for consultation. To facilitate these requests Members will book an appointment with officers to make sure delay is avoided.

Step 3 – Communication and Consultation to agreed format (April – July)

Consultation process will be implemented by the Communications and Marketing team. All potential disposals will involve consultation as set out in 1. below. It may also include the actions set out in 2. below. Either way a plan will be agreed with the Members concerned.

The first two stages will be implemented for all potential disposals.

1. Communication and Consultation at the local or ward level – Notify general public of intention allowing 28 days for any responses. As a minimum, our residents will be notified in the following ways:

- a) Leaflet to local neighbours
 - b) Newspaper coverage
 - c) Posters on and around asset
 - a) Ward Member involvement if appropriate to ensure access for local community.
2. Communication and Consultation at the District or Corporate Level – it would be possible to implement one or more of the following:
- Event
 - Questionnaire available in council offices, online and posted to affected local neighbourhoods
 - The above could be underpinned by communication on the proposed programme within Thanet Matters

Step 4 – Consideration of views and representations

The results of consultation on the proposal from the Asset Management Strategy Group will be reported to the Scrutiny Review Group (to be comprised of members from Overview and Scrutiny Panel), to check the process, and make a recommendation before the matter passes to Cabinet for decision.

Step 5 – Decision by Cabinet – based on Step 4

The aim must be to conclude this step by the end of July each year. It is envisaged that, if necessary, the Cabinet will hold a special meeting towards the end of July each year to hear any final representations on sites/proposals in a similar way that the public can speak at Planning Committee, interested members of the public will have the opportunity of addressing Cabinet.

Where identified sites are reported to Cabinet (**Step 1**) outside the above cycle, they will still be addressed through the same five step approach and to similar timescales. If a significant number of sites are not progressed after consultation, then the Portfolio Holders responsible for Asset Management and for Finance shall be authorised to request Officers to bring forward projects from future years to maintain funding necessary to deliver key investments from the Corporate Plan, Capital Programme and approved budgets. It is necessary that Step 4 is completed by the end of July each year in order that the Capital Programme is agreed for the following year.

7.4 Roles and Responsibilities

Council Officers - have an obligation to ensure that the Council's priorities and plans are funded. Officers must also ensure that the views of residents are encouraged and heard as part of the decision-making process on individual schemes/projects.

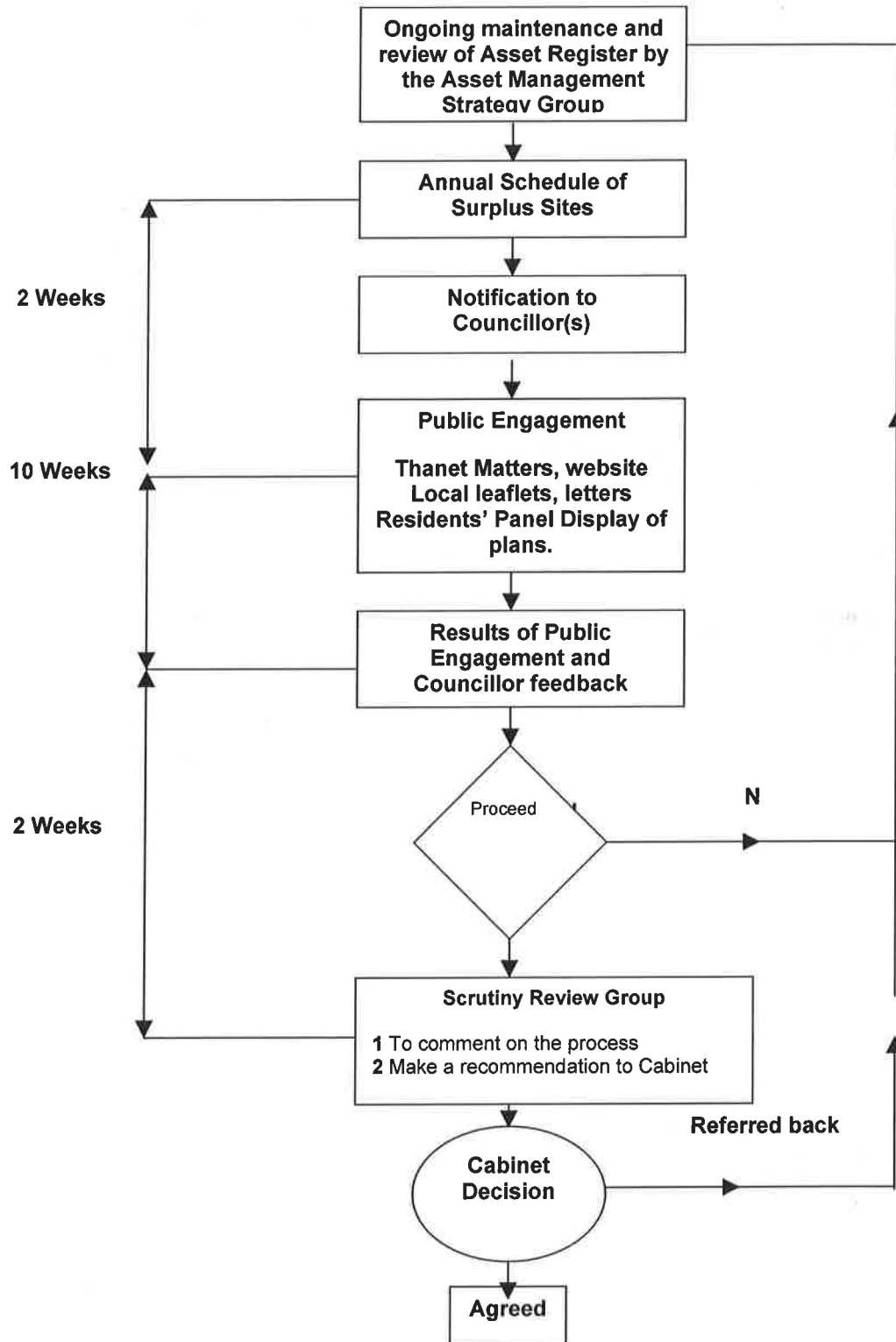
Cabinet - must give Officers clear directions and take decisions that reconcile individual concerns with the need to fund investment that is of broader benefit.

Councillors - must represent their residents effectively and help Officers shape and deliver effective consultation. Although Councillors may have strong views on proposals, they should also seek to represent the Council positively to residents, acting as enablers and communicating a balanced view of why a programme of disposals is necessary. In particular, Members should be aware that by taking a declared stance on a proposal early in the process they may be conflicted out of subsequent decision-making. This may be particularly relevant for Members serving on the Planning Committee.

7.5 Feedback and how to deal with any Complaints

This plan and its associated procedures will be kept under review, and feedback will be appreciated on its application and development. In the event that a member of the public feels that this protocol has been breached, then representations should be made in accordance with the Council's Complaints Procedure, a copy of which is available at www.thanet.gov.uk

Members who have concerns should raise them internally, in the first instance, with a Corporate Director or the Chief Executive. The diagram below shows how the building of management information surrounding the Asset Register, and application of the procedure regarding Asset Disposals/Developments, will become integral to the delivery of corporate priorities and the capital programme:



8.0 Monitoring and Performance Indicators

8.1 Achievement of Capital Programme and Corporate Plan are the headline indicators of success, although individual indicators help illustrate how well the retained Asset Register is performing. These are:

- Rent collected as a % of all rent invoice (all sections of property).
- Achievement of Best Value Performance Indicator (BVPI 156) showing the proportion of buildings we provide services from, fully accessible. In 2006/2007 we achieved only 62%. In 2007/2008 this will rise to 90%, although our target remains 100%.
- Number and % of commercial and industrial properties void.
- Property repairs/maintenance costs as a % of total property income.
- Compliance with Shoreline Management Plan.
- Energy Efficiency, targets and % reductions for major buildings, and overall cost, plus trend line for the entire estate.

B J White
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