

TAUNTON DEANE BOROUGH COUNCIL

REPORT OF THE CORPORATE PROPERTY OFFICER TO THE EXECUTIVE – 21 SEPTEMBER 2005

This matter is the responsibility of Executive Councillor N Cavill

ASSET MANAGEMENT PLAN 2005 AND THE PERFORMANCE OF THE PROPERTY PORTFOLIO

EXECUTIVE SUMMARY

The Asset Management Plan (the AMP) for 2005/2006 has been completed.

The main thrust of the plan, as in the previous year, is geared to showing what has been achieved in the past and what is planned for the future. It also shows how those achievements have contributed to the Councils Corporate Priorities (although because much work is indirectly related to the provision of services it is difficult to be specific in many cases) and particularly the Vision for Taunton through the delivery of the Councils Capital Strategy.

Broadly speaking, although there have been numerous developments within the Council over the last year – restructuring, reorganisation and the introduction of initiatives - much has been achieved although in some cases not as originally planned.

There is one issue only briefly covered in this report and the AMP - the Councils future development programme. The AMP is primarily concerned with how the Councils assets are performing, how they can be improved / disposed of etc. Elsewhere within the Authority work is being undertaken with regard to its Local Development Framework. See also item 2.5 Delivery of Land holding etc.

The opportunity has also been taken in this report to include elements of work undertaken in compliance of the 1995 Disability Discrimination Act as it affects the physical elements of the Council's buildings.

The AMP must be read in conjunction with the Councils Capital Strategy

This report was submitted to the Review Board on 8 September 2005. Recommendations have been incorporated.

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The opportunity has been taken to include two further tables not used previously in order to give Members an overview of properties disposed of and acquired since the commencement of the AMP process. Monies obtained have been used to support the Councils Corporate Priorities in assisting with help to fund the Capital programme.

- 2.9 Properties disposed of since 2001 AMP
- 2.10 Properties acquired since 2001 AMP
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- 1. **Introduction**
 - 1.1 The AMP group was formed in 2000 under the responsibility of the Executive Portfolio Holder for Economic Development and the Corporate Property Officer, following directives from central government. All Local Authorities were required to produce AMPs for submission to Government in 2001
 - 1.2 Following a “poor” assessment in 2001, the 2002 AMP submission was awarded a “good” rating. Not only did this give Taunton Deane an extra £50,000 in capital spending approvals but it further meant that Taunton Deane was not required to submit any further AMPs to Central Government.
 - 1.3 Taunton Deane has continued to regularly update its AMP to suit the Council’s wishes and priorities.
 - 1.4 As alluded to earlier, those sections within the Council undertaking property management functions have been restructured and brought together as one team – Property Services. The Report by the Strategic Director on the restructure was submitted to and approved by the Executive on 24 May 2005. The new group now exists comprising a facilities Team, Maintenance and Design Team and an Asset Holdings Team. The Geographical Information Service Team has also joined the group. The group has the responsibility of producing the AMP and ensuring the Council’s assets are properly maintained and wishes of Members are carried out.
 - 1.5 This report follows a similar format as the 2004 report in that it contains a resume of the information contained in the AMP. The AMP details how we are performing in

terms of asset maintenance etc. This provides details to the broader strategy contained within the Capital Strategy.

2. Information contained within the 2005/6 AMP

2.1 Condition of property

2.1.1 As at 1 April 2005 the Council's General Fund non housing assets were valued at £51,204,650. The vast majority of property is in generally good condition.

The Council's built assets comprise:-

5 leisure facilities (recreation/swimming)
 27 car parks
 22 public conveniences (In 2004 there were 26 such properties)
 5 cemeteries
 60 commercial premises, of which one is the Livestock Market
 8 council buildings for service delivery
 Various other assets e.g. golf course, parks etc.

2.1.2 In line with previous reports properties are put into one of four categories:-

(A) Performing well
 (B) Performing as intended but with minor defects
 (C) Showing major defects/not operating as intended; and
 (D) Life expired and serious risk of failure.

The table below gives details of current and past performance

	2002/3		2003/4		2004/5		2005/6
	Target %	Actual %	Target %	Actual %	Target %	Actual %	Target %
A	39	38	42	41	42	45	44
B	55	54	54	52	54	52	56
C	6	6	4	5	4	3	0
D	0	2	0	0	0	0	0

2.1.3 97% of the Council's built assets are performing well or as intended but with minor defects. This compares well with the 93% recorded in 2003/4 and 92% in 2002/3.

2.1.4 In 2005 three of the Council's parks obtained the "Green Flag Award", a Government initiative on quality standards for parks management including maintenance.

2.2 Maintenance Backlog

2.2.1 The AMP process identifies areas of priority for planned maintenance work. The Planned maintenance backlog is identified as £3.945m. This is a decrease of £634,000 from the £4.578m reported for last year.

2.2.2 This significant deficit has been highlighted in earlier AMPs. The amount allocated in the 2005/6 budget for maintenance priorities was only £130k. Additional monies have been allocated to Tone Leisure primarily to meet essential work on the Council's leisure buildings. This money, approximately £227,000 has been obtained from savings on VAT and the National Non Domestic Rates.

2.2.3 The 2004 AMP Report identified requirements to overcome this problem of backlog. Some proposals were rejected. Those where action was required are identified in the following table. Where proposals were rejected in the previous AMP they have not been included.

Proposal	Progress	Comment
A	The identification of a rolling budget/programme for 2005/6 to address the backlog over a five year period	TDBC is now in the final year of the five year plan. In 2005/6 this needs to be readdressed in the forth coming year
B (previously D in the 2004 AMP)	Aspirations for investment are to be targeted towards the poorest condition properties	Limited investment money is still being targeted towards Leisure facilities. Poorly performing public conveniences have been/ are being demolished. Money is being directed to those properties in Category C – not operating as intended. There are no properties in category D
C (previously E in the 2004 AMP)	Investment of any savings from the Leisure Trust to be invested in the maintenance of Leisure Facilities	In 2004/5 the Leisure Trust contributed £14k approximately to maintenance actions. It is anticipated that in 2005/6 this figure will be in the region of £60k
D (previously F in 2004 AMP)	Investment in Assets likely to remain part of the Councils portfolio in the long term	As stated in the 2004 AMP those properties likely to be adversely affected by the Vision will only have minimal investment to ensure compliance with health and safety.
E (previously G in the 2004 AMP)	Removing some of our poorest performing properties	This is constantly being investigated. See 2.3 below.

2.3 Poorest performing properties identified in the 2004AMP

2.3.1 The 2004 AMP (items 2.3.1) listed poorest performing properties with proposals for actions. This is updated in the attached table.

Property	Proposal	Update
Scotts Lane Garages	Demolish followed by development of one property	Due to the possible dispute over land it is not possible to develop. Garages now sold – see table 2.9
Blackdown Business Park, Wellington	Demolish redundant unit 1 followed by redevelopment	Unit 1 now demolished. Planning permission obtained to provide starter industrial units. <ul style="list-style-type: none"> • Design work is proceeding <p>Officers are also looking at the possibility of a refurbishment of the whole estate</p>
Frobisher Way, Bindon Road	Development	Planning permission obtained for Industrial units. Agreement reached on way forward. Legal action on existing tenant for possession of the land has commenced. Land to be subject to Informal tender with successful developer providing industrial starter units for TDBC in return for adjacent development land and modest capital receipt for the Council.
Public Conveniences	Review of use to be undertaken	The Council's Waste Manager has completed his review. The following are the main points in relation to built assets:- <ul style="list-style-type: none"> • Demolition of building at Priorswood • Alteration of Community Centre – Priorswood Shops - to provide toilet facilities • Provision of new golf pavilion at Vivary Park (to commence Sept 05 with a completion in Dec 05) containing new toilet facilities • Kingston Road public convenience to be demolished and area landscaped (not suitable for any alternative use) • Public convenience at Tancred Street to be demolished and land sold for housing (Note: that land to the rear of the toilet block is the subject of a further land scale) • Public convenience at Hamilton Road to be demolished with possible development of two dwellings.

		<ul style="list-style-type: none"> Demolition of existing facilities at North Street Car Park, Wellington – and the erection of new purpose built accommodation
Nursery, Mount Street	Review to be undertaken to maximise the sites potential	Ongoing. Housing development proposals drawn and submitted for outline planning consent. An alternative site for this facility is being considered elsewhere.
Paul Street Multi Storey Car Park	Works required to comply with health and safety	Structural consultants have submitted various proposals to strengthen balustrading. Decision awaited. Security fencing erected. Lifespan of the building is suspect due to Vision proposals – hence difficulty in deciding the most appropriate Health and Safety measures to be used. Structure to be monitored.
High Street Car Park	Possible resurfacing	Resurfacing not required. Monies to be transferred to pay for Paul Street Car Park balustrading.
Old Municipal Buildings	Action required on Disability and Fire Safety issues. Alternative uses to be pursued	There is a high expectation that the building will be leased to SCC for use by the County Council Registrar. Consultations with SCC are reaching a conclusion. Monies required for necessary work which are TDBC's responsibility are available from the DDA budget.
Leisure Services	Forward Planning as to future service provision required	Ongoing

2.4 Items identified since 2004AMP including some Disability Issues

The following table identifies current proposals and actions already being undertaken or as are required in the foreseeable future. This includes actions required as a result of DDA legislation. (note The DDA strategy, as it effects property is the subject of a report submitted to Members in October 2004. This work is planned over a three year period – should money be available)

Property	Proposal/Action
28 – 30 Fore Street Wellington	An investigation is underway to establish the implications of the DDA on the building and its future use.
The Deane House	Due to housing restructure internal room layouts are being altered to produce more open plan offices and to maximise space usage – i.e part of a space audit. Reception Counter to be altered to comply with DDA requirements. DDA compliant toilet to be provided in Reception Feasibility study underway re the Bunker – development with additional office accommodation/provision for cycles etc.

Flook House	Possible relocation of staff to Deane House vacating offices. This would leave Flook House available for let at commercial rates or put to other (administrative) use as Members wish and in accordance with the Corporate Priorities
Wellington Leisure Centre	Installation of DDA compliant counter
The Gazebo Wellington	This building is currently not in use. It is difficult to let and use because of its small size and DDA accessibility.
Crematorium	New extension to increase the size of the waiting room/alteration work ensuring compliance with DDA legislation nearing completion Lighting to car park still to commence Some external work required to steps re DDA.
St James Street Baths	Refurbishment of seating and alterations to balustrading has been carried out as a result of a recent Health and Safety inspection
Wellington Sports Centre	Installation of air conditioning and suspended ceiling to the upper hall
Taunton High Street	General improvement works to pedestrian area plus the installation of a "pop up" toilet facility.
Market House	Fire precaution works to commence in Oct 05. Negotiations are proceeding slowly with the leaseholders in an attempt to provide DDA access into the public house. Listed building consent/ planning consent now received.
Wellington Park	Environmental drainage works to commence Sept 05
The Bike Park	Negotiations under way with the adjacent Health Centre to extend the property, which has been unoccupied for some time

2.5 Additional actions programmed for 2005/6 combining the 10 point Action Plan (2002–2005) – Section 7 of the 2004 AMP. Reference numbers refer to relevant point on the Action Plan.

Property/Task	Action	Target Date
All TDBC property	A complete re-appraisal of the Corporate Asbestos Register. Actions to include type 2 surveys, and management programmes (Ref 1) Nov 2006	Nov 06
All TDBC Property	A reappraisal of the Legionella monitoring system Oct 2006 (Ref 1)	Oct 06

All TDBC Property	A Strategy for Contaminated Land was produced in 2001. It is progressing well in line with the agreed time scale (Ref 1)	Ongoing
St James Street Baths	Investigation of mechanical plant. Provision of additional security features	Oct 05 Dec 05
Disability Discrimination Work	Completion of at least 30% of DDA works to the Council's Corporate buildings in accordance with the DDA strategy reported to Members in October 2004	Mar 06
Asset Register	There is a need to integrate current information on our assets. We hope to procure a new financial system as part of the ISIS programme which will include an Asset Register module.	Dec 06
Land registration	To assist legal section in identifying title deeds re:- TDBC land holdings. (First Stage). Note – it is financially beneficial for the Council to take advantage of an offer made by the Land Registry – of £7.50 an “extent” to proceed with this work in the foreseeable future	Dec 05
Space Audit.	This is currently underway with and being actioned within the physical reorganisation of staff/offices.(Ref 2)	Ongoing
Integration of GIS, Asset Holdings and Maintenance and Design Teams into a well focused efficient Property unit	New group formally formed in August 2005.	Aug 05
Leisure Trust	Working relations between TDBC and Trust now formed and working well. Investigation of energy efficiency measures required to the Wellsprings Centre	Ongoing
Investigation with other similar sized authorities re benchmarking	Contact with CIPFA family groupings	Mar 06
Avimo (now Thales) site at Lisieux Way, Taunton	Investigation required as to whether to retain or sell freehold interest subject to Avimo's existing long term lease	Mar 06

Priory Way Industrial Estate, Taunton	Complete programme of repairs to ensure compliance with the terms of the Council's Head Lease. Consideration to be given as to whether the Council should renew its lease should the option be made available.	Ongoing to July 07 when current lease expires
Local Performance Indicators	Develop meaningful indicators. Although satisfaction surveys have been carried out with the tenants of commercial properties this will be developed further following the analysis of results.	Ongoing but by Mar 06
Delivery of a land holding strategy required to deliver both the Vision and Housing Stock Transfer projects	David Thompson (Chief Valuer) has been seconded to work full time on both projects	Strategy to be completed by Mar 07
Leisure Pavilions	Ongoing investigations to add to/replace time expired small changing rooms/pavilions	
National Skateboard Park	Investigation required to ascertain the viability of a park on land at Lisieux Way	

2.6 Investment Indicators

2.6.1 Overall average internal rate of return (IRR) for industrial and retail investment property

Category	IRR	Target 2002/3 %	Actual 2002/3 %	Target 2003/4 %	Actual 2003/4 %	Target 2004/5 %	Actual 2004/5 %	2005/6 Target %
Industrial		17	16.65	15	14.67	14.0	10.95	11.0
Retail		17	16.57	15	13.8	13.5	13	13.5

Comment on performance

The above figures/returns have been influenced by the disposal of the Creech Paper Mills Industrial Site and the reduced lettings capability of the Blackdown Business Park, Wellington.

IRR's have been subject to a downward trend due to prevailing relative low investment yields for these types of property coupled with low levels of rental growth. Shops tend to occupy tertiary locations and the industrial units are rather sub – standard.

2.7 **National Indicators** (Much accurate information is missing at the present time but it is intended to rectify this position as time permits).

National Indicators	Indicator	Target 2004/2005	Actual 2004/2005	Target 2005/06
1. (a) % Gross internal floor space in condition categories A-D	<u>Category</u> A Good – performing as intended and operating efficiently	% A 42	45	% 44
	B Satisfactory Performing as intended but exhibiting minor deterioration	B 54	52	56
	C Poor Exhibiting major defects and not operating as intended	C 4	3	0
	D Bad Life expired and/or serious risk of imminent failure	D 0	0	0
1 (b) Backlog of maintenance in priority categories 1-4	<u>Priority Level</u>	<u>Target as %</u>		<u>Target as %</u>
	1	0	0	0
	2	2	1	0
	3	61	62	64
	4	37	37	36
		100	100	100
2 Overall average internal rate of return (AIRR) for industrial and retail investment properties	<u>Category</u> Industrial	14%	10.95%	11%
	Retail	13.5%	13%	13.5%

3 (a)/(b) Total management costs per square metre (sqm) for operational (a) and non-operational property (b)	A Indicator definition of maintenance costs charged for this year B Note a new Property Services Group has now been formed	(a) £0.7 (b) £0.2	(a) £0.69 (b) £0.28	£0.68 £0.19
4 (a) Repair and maintenance costs per square metre (sqm) for operational buildings including fees)		£18.50	£10.86	£10.86
4 (b) Energy costs per square metre (sqm) for operational buildings (gas and electricity)	Average		£3.14	£3.00
4 (c) Water costs per square metre (sqm) for operational buildings	Max Average Min	£145/m sq £20-£30 msq £0.30/m sq	£6.77m/sq £3.21m/sq 53p m/sq	£142/m sq £18/m sq £0.28/m sq
4 (d) CO ² emissions in tonnes of carbon dioxide per square metre (sqm) for operational buildings	Max Average Minimum	160kg/m sq 60kg/m sq 0kg/m sq	159kg/msq 59kg/msq 0kg/msq	158kg/m sq 58kg/m sq 0kg/m sq
5 (a) % of projects where outturn falls within 5% of the estimated outturn expressed as a % of the total number of projects completed in the financial year	100%	100%	100%	100%
5 (b) % of projects falling within +5% of the estimated timescale,	100%	100%	100%	100%

expressed as a % of the total number of projects completed in the financial year				
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2.8 Local Indicators

1 Number of units void as a % of investment properties	Industrial Retail	6% 13%	0% 6.25%	.58% 12.5%	.56% 12%
2 % of rent arrears as a proportion of annual rent income for commercial property		15%	Approx 13%	14%	13%
3 (a) % of maintenance spend against total revenue budget		20%	11.19%	19%	18%
3 (b) % of maintenance spend against total capital value of assets		5%	4.38%	4.9%	4.8%

2.9 Properties disposed of since 2001 AMP

12 Middle street Taunton. This old office complex was disposed of in 2002 for £190,000 (Money used to support existing Capital Programme)	Property did not fulfil any corporate priority and produced a low rate of return
Creech Paper Mills, Creech St Michael. This Victorian paper mill building was disposed of in 2003 for £315,000 (Money used to support Capital programme)	A poor performing asset in terms of rent return and condition
Bedford House, Park Street Taunton. Office accommodation on a 999 year lease was sold in February 2005 for £765,000 (Money used to support Capital programme)	Property did not fulfil any Corporate Priority
Land at Upper High Street, Taunton	This land with planning consent for six dwellings was sold in January 2005 for £275,000. Property did not fulfil any Corporate Priority. Poor performing asset in terms of rent return

Garages at Scotts Lane, Wellington	Land and garages sold for £40,000. Property did not fulfil any Corporate Priority. Poor performing asset in terms of rent return
Land at Tancred Street, Taunton	Land sold subject to contract for £100,000. An opportunity was taken to realise development value of surplus Council land in conjunction with neighbouring landowners
Broadgauge Business Park, Bishops Lydeard	Remaining plot of this Economic Development Enabling Scheme has now been sold for £71,750 of which the Councils share of this jointly funded scheme amounted to £26,834.
Fire Station Site, Lisieux Way, Taunton	Land sold to SCC for Fire Station extension for £40,000. Land surplus to requirements
Sale of land at Hillsmoor, Wiveliscombe	Following negotiated terms, approximately four acres (of which 50% is developable) has been submitted for planning approval. Once approved could provide a capital receipt of approximately £125,000 to TDBC

2.10 Properties acquired since 2001 AMP

Land at the Piggeries, Firepool. Derelict, dangerous and asbestos contaminated land was purchased by the Council. This land has now been reinstated as usable public open space

3. Impact on Corporate Priorities

3.1 Ref Corporate Strategy and Performance Plan 2005-2008

Corporate Priority Ref	Objective	Action	Progress
Economy Ref Ec2	Develop key sites to bring about the Vision for Taunton	Relocate Livestock Market	Ongoing
Environment Ref En2	Protecting and enhancing the quality of the	Agree Norton Fitzwarren Flood Alleviation Scheme	Sept 06 Matters progressing well

	physical environment	with developers	
	Achieve Green Flag Award for public open space for three parks	Objective achieved	
	Improve facility provision on three other public open spaces per year. All works ongoing – Victoria Park, French Weir, Greenway Road, Taunton plus various play areas	Ongoing	

Although not listed in the Corporate Strategy the proposed starter/industrial sites at Frobisher Way, Taunton and the redevelopment of Unit 1 Blackdown Business Park, Wellington also contribute to the economy of the region.

4. Conclusion

- 4.1 It can clearly be seen that since the start of the AMP process much has been achieved. Much is also planned for the future although with the possibility of another reorganisation concerning the Councils involvement with a private partner in a Joint Venture Company it is difficult to plan accurately.
- 4.2 However, with the broad principle of disposing of assets that are poor, inefficient or do not add to the Corporate Priorities and putting money into those elements that are required either by legislation (DDA, Asbestos Legionella, Contaminated land) or that contribute to greater efficiencies (ie, in space standards, use of energy) this Authority is achieving good value from its assets.
- 4.3 Although the Council has a good record of maintaining its properties they are deteriorating due to lack of investment. It is essential, therefore, that money is forthcoming in the next years budget (and in future years) to overcome the backlog of maintenance repairs that currently exist .
- 4.4 The planned priorities for 2005/6 are as follows. Wellington Sports Centre – Upper hall ventilation system, Wellington Sports Centre – Fire precaution works, Blackbrook Pavilion – works to Ladies changing area, Market House - external repairs and decoration, Market House – Fire precaution works, Wellington office external repairs and decorations, Wellington Park – environmental drainage works, Multi storey Car Park – necessary works only to lifts. The above programme may need adjustment. This will depend on any emergency works /repairs that become necessary.
- 4.5 This report has already been considered by the Corporate Management Team and subject to the comments of the Review Board will be submitted to the Executive on 21 September 2005 for approval.

5. **Recommendation**

5.1 It is recommended that the contents of the report be noted.

Background Papers -

Asset Management Plan 2004

Report of the Strategic Director to the Executive 24.05.05

Waste Managers Report

Disability Discrimination Act Strategy Report to Executive October 2004

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