

Corporate Asset Management Plan 2015 - 2016

Property - Meeting The Challenge



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Executive Summary

The **Introduction** to this Corporate Asset Management Plan (CAMP) 2015/16 commences with an overview of the context for this year's CAMP. The financial and austerity related pressures affecting public services at the time of the CAMP 2013/14 are un-remitting as is the pace of change for the future delivery of public services. The County Council's corporate property resources continue to have a crucial role in determining the Council's ability to ensure the financial sustainability of the organisation and to be able to meet with future service delivery requirements.

The Introduction also looks back to the delivery of the CAMP 2013/14 objectives. These were all well met. They included supporting the delivery of a large number of Service plans and projects such as Academy transfers; the delivery of new school places and the implementation of the Highways Depot Review. In addition, the delivery of a large number of transformational projects was enabled through property projects such as the Market Harborough DC/LCC co-location partnership project; the rationalisation of Community Life Choices services and facilities; and the re-configuration of the Registrars and Coroners Services. The previous year also featured many large scale revenue saving reviews and projects including the Property Energy Strategy and the County Hall Master Plan. The Council's property assets also played a key role in supporting successful economic development and growth funding bids. Finally, the Property Disposal Programme generated over £18m capital receipts during 2013/14 and 2014/15.

The remainder of the the CAMP 2015/16 is divided into:

Part 1: Addressing the Future Needs – this sets out the corporate and service drivers for the Asset Management Delivery Plan 2015/16 (contained in Section 2.2).

Part 2: The Evolving Estate – this reflects upon the changes and performance trends of the County Council's asset base over recent years and indicates likely future patterns.

These two Parts are summarised as follows.

Part 1: Addressing Future Needs

Part 1 commences by identifying the corporate priorities for the County Council as contained in the Leicestershire County Council Strategic Plan 2014-20; the MTFs 2015/16 – 2019/19; and the Capital Strategy 2014-2018. This enables the development of the Strategic Vision for Property (Section 2). There is a strong focus on the development of property projects to support the Council's Transformation agenda; economic growth; environmental targets; supporting children and families; partnership working particularly with Health and local communities.

The combined effects of the Council's financial drivers inevitably heightens the focus on developing property projects to secure revenue savings; generate new revenue income; create and realise capital receipts.

The Asset Management Delivery Plan 2015/16 contained in Section 2.2 sets out the list of specific property projects that respond to these corporate drivers. The Asset Management Delivery Plan also specifies the property projects required to support the delivery of Service plans and priorities. The Asset Management Delivery Plan 2015/16 amounts to a lengthy, comprehensive, challenging and ambitious set of property projects and tasks. In support of the MTFs targets there are proposals for bringing forward over 20 potential development sites;

completing property disposals amounting to over £12m for 2015/16; continuing projects to reduce property revenue costs and to increase investment into income generating property and energy schemes. Specific Service based projects include the re-structuring of the industrial portfolio to improve economic development and growth; property strategies to support the future Museums Collections Strategy, to reduce operating costs for Adult Learning Services and to support the possible transfer of Community Libraries. There are various property projects in the area of Children and Family Services including the provision of additional primary school places; the planning and delivery of new schools and school extensions amounting to over £52m capital expenditure over 2015/16 and 2016/17; capital property projects in support of age range changes; and the re-development of existing buildings to delivery new Early Help services.

Part 1 concludes with an account of the resource implications for delivering the Asset Management Delivery Plan 2015/16. The financial, ICT and HR resources are considered. Additional HR resources may be required in Property Services and other support services (such as Legal Services) depending upon the volume, scale and complexity of the bring forward development projects. Specific reference is also made to the commissioning and procurement of property construction, energy and property services as 2015/16 will see the further development and improvement of the Council's strategic client function in these critical areas.

Part 2: The Evolving Estate

The total number of freehold and leasehold property interests owned by the County Council has reduced from 918 (CAMP 2013/14) to 725 (CAMP 2015/16). This reflects the substantial amount of rationalisation and reduction across the Council's property portfolio over recent years following the implementation of necessary changes in service delivery, the continual endeavours to remove surplus or under-performing assets at the same time as bringing forward valuable development sites for disposals. The schools portfolio still accounts for the largest proportion of the Council's total asset base (38%) in terms of use.

The total value of the Council's property resources was £361m as at 1 April 2014 compared with a previous high of £788m at 1 April 2013. This dramatic drop in value is partly due to the reduction in the number of the Council's property interests and the continued delivery of an ambitious disposals programme (capital receipts exceeded £18m for the period 2013/14 – 2014/15). The reduction in the total value of the Council's asset base is also related to government changes in valuation methodology for schools and the creation of leasehold interests from the Council's freehold school properties as they transfer to Academies.

The trend of the continually improving condition of the County Council's retained properties continues with 74% of the property stock falling into the two highest A and B condition ratings. Likewise, the virtual elimination of Priority 1 backlog maintenance work continues and the overall backlog maintenance liability for the Council has dropped significantly following the transfer of schools (and the associated repairing responsibilities) to Academies. However, the Council's ability to maintain these trends into the future will be subject to the impact of future revenue savings and cutbacks on property maintenance budgets.

The startling improvements achieved and projected in the energy and environmental performance of the Council's property assets is one of the most notable success stories following the development and implementation of the Property Energy Strategy in 2014. This has been a major turn-around for the Council's property portfolio featuring a targeted 24%

reduction in energy consumption by 2017/18 (base year 2012/13); £400K revenue savings by 2017/18 (base year 2012/13); and 34% reduction in CO2 emissions by 2020 (base year 2008). The continuing development of the Council's Property Energy Strategy during 2015/16 will include the exploration of income generation opportunities through the development of renewable energy initiatives across the Council's estate.

Another exciting development in 2014 was the formation of the Council's Asset Investment Portfolio through combining the industrial and farms estates. The industrial and farms estates performed above the targets set for 2013/14 but the opportunity to manage and develop the combined estates as an Asset Investment Portfolio enables a re-focus on enhancing the financial performance of the overall portfolio. The Asset Investment Strategy establishes the strategic direction and targets for the development and re-structuring of this portfolio from 2015/16.

In conclusion, the Council's property resources performed extremely well against the CAMP 2013/14 challenges and delivery plan objectives. Furthermore, important developments such as the introduction of the Property Energy Strategy; the production of the County Hall Master plan; the creation of the Asset Investment Portfolio; the bring forward plans of potential development sites and the related Disposals Programme; the significant developments and improvements of the strategic client function in commissioning property construction, energy and property services; and the continuing strong focus on the sound management of all retained assets have all helped to create a strong foundation from which to deliver an ambitious Asset Management Delivery Plan for 2015/16.

Introduction to Corporate AMP 2015/16

Context for CAMP 2015/16

The Council's property assets are fundamental to the economic, social and environmental wellbeing of the people of Leicestershire especially during the continuing challenging economic times and the massive pressures these impose on public services.

The way our assets are managed has a significant impact on the Council's ability to deliver a comprehensive range of quality services. This role has now become crucial due to the need to respond to the challenges posed by the Government's spending review and the continuing pressures on public services, as well as ensuring the financial sustainability of the organisation. The County Council has a lead role in promoting transformation and a culture of innovation and co-operation. All this needs to be reflected in the plans for the Council's property or resources.

The approach adopted in "Property – Meeting the Challenge" concentrates on understanding Corporate service need, challenging the status quo and building strong relationships with partners and to produce the property solutions that will deliver wide ranging benefits to the Authority and provide a platform in order for the Councils property resources to maintain their contribution in future years.

Strategic Property Services acts as the Council's strategic property advisor in ensuring that the Council's property assets fulfil this role effectively and deliver best value for the authority. Strategic Property Services is responsible for getting the best out of existing property and supporting services, whether these are provided in-house or procured from external providers. The Service is also responsible for planning to ensure that the Council has the facilities it needs, and can afford, to deliver its future services and plans.

Corporate business planning requires an integrated approach towards the planning of its resources. The links between financial and asset planning are particularly important and the CAMP is closely aligned with the Leicestershire County Council Strategic Plan 2014 -19 and the Medium Term Financial Strategy 2015/16 – 2018/19.

The ability of Property Services to operate in this challenging and rapidly changing environment is heavily reliant on the use of the most up to date information systems. In order to secure the depth and quality of data required to manage the portfolio effectively a new Property Asset Management System (PAMS) will go live and will be phased in commencing September 2015.

This CAMP sets the strategic direction for planning, procuring, developing, utilising and managing the property resources that are used by the Council. It also ensures that the money spent on property and Property Services is a sound and effective investment of the Council's resources and that all legal and statutory requirements are being met.

The specific aims of this Corporate Asset Management Plan (CAMP 2015/16) are to:-

1. Establish clear asset management aims and objectives.
2. Align asset management planning with the corporate and service delivery needs having regard to financial and resource planning.
3. Set out the strategic direction for the management and future development of property resources.
4. Identify the future property and asset management requirements necessary to deliver service priorities.
5. Set out a programme of strategic reviews and initiatives together with an asset management delivery plan.
6. Develop a framework for performance managing the need for the Council's property portfolio to make an ongoing increased contribution for the financial resilience of the authority.
7. Provide an overview of the Council's existing assets.

Review of the delivery of CAMP 2013/14

The Corporate Asset Management Plan 2013/14 was prepared against the background of challenging economic conditions, continuing Government funding cuts and an increasing pressure on service delivery. It recognised the need for property assets to play a fundamental role in the delivery of high quality value for money services for the people of Leicestershire. Integral to the CAMP was the development of an Implementation Plan that would deliver property solutions to support the Leicestershire Together Outcome Framework 2012/13 within the financial parameters of the MTFS 2013-17 taking account of the need for transformation and partnership working.

The Table below summarises the achievements that have been planned and delivered by the combined Strategic and Operational Property teams since the adoption of the CAMP 2013/14.

Figure 1.0 - Delivery of CAMP 2013/2014 Objectives

Children & Family Services
Schools <ul style="list-style-type: none">• Delivered 1,107 additional primary places since 2012.• Completion of a new special school in Loughborough.• Supported 124 Academy Transfers.• Supported the delivery of the School Food Support Service kitchen programme to support the Universal Free School Meals Initiatives.• Supported the development and implementation of the “In the Right Place” Strategy.• Delivered maintenance and improvements works such as Safeguarding and School Access Initiative.• Developed proposals to support the shortfall of primary places in Braunstone.• Developed proposals to support the shortfall of primary places in Hinckley.• Worked with stakeholders to develop the proposal for redevelopment of the Longslade Campus and Wigston Campus.• Assessed educational contributions of all housing developments proposals.• Assessed the net capacity for all maintained schools and colleges.• Agreed annual admission numbers for all schools and colleges.• Progressed advance designs to develop the draft programme of capital spend for 2015/17.
Non-Schools <ul style="list-style-type: none">• Review of Contact Centres and supported the development of a project for the creation of Early Help Hubs for delivery in 2015/16.• Facilitated the delivery of works programme at Glebe House, Loughborough resulting in the letting of the building to a specialist schools provider.• Development of an Adoptions property strategy enabling adaptations to take place in Adoptees homes. Scheme currently proceeding in Countesthorpe.

Adults and Communities and Wellbeing
<p>Developed the strategy for the transfer of 36 Community Libraries to community groups</p> <ul style="list-style-type: none"> • Delivered UBB schemes at: <ul style="list-style-type: none"> ○ Coalville Library – Creation of 3 new learning rooms. ○ Hinckley Library – Creation of 2 new learning rooms. • Delivered improved facilities for the Adult Learning Service and reduced the number of bases for Adult Learning Service resulting in property revenue savings. • Completed the redevelopment of Market Harborough library and Harborough museum as part of a partnership project with Harborough District Council, heritage partners and the third sector.
Adult Social Care
<ul style="list-style-type: none"> • Facilitated the relocation of Community Life Choices at The Mount, Leicester Road, Melton to new accommodation at Melton Short Breaks Centre. • Formulation of a strategy to create additional space at The Trees, Hinckley to accommodate Community Life Choices service currently located at Millfield, Hinckley. Project to be delivered in 2015/16. • Termination of Leases and Licences to support the rationalisation and reduction of Community Life Choice bases.
Environment and Transport
Transportation
<ul style="list-style-type: none"> • Implementation of the depot review. • Supporting the Loughborough Town Centre transport scheme through land acquisition, management and subsequent disposal of surplus land.
Waste Management
<ul style="list-style-type: none"> • Supported the modernisation of Whetstone RHWS and bulking/transfer station and letting of surplus land.
Chief Executives
<ul style="list-style-type: none"> • Supporting Economic Growth Priorities and approval of Growth Deal Funding including investment in Loughborough University Science and Enterprise Park (LUSEP). • Continued support of economic growth priorities supporting economic growth and community development / cohesion in rural areas. • Reconfiguration of Registration and Coroner Services including: <ul style="list-style-type: none"> ○ New facilities in shared accommodation for Marriage and Registration at Charnwood B.C., & Harborough D.C. ○ Agreed strategy for improved Marriage and Registration facilities at County Hall and Oadby & Wigston. ○ Developed strategy for consolidated Coroners service.

County Council's Corporate Resources

- Established the Asset Investment Fund, and completed its first new investment acquisition.
- Further restructuring of the Investment Portfolio including:-
 - The identification and promotion of further potential development sites.
 - The delivery of ongoing revenue surpluses and capital growth.
 - The identification and disposal of surplus properties to secure capital receipts.
 - The securing of £3.67million of Growth Deal 2 funding to assist in the future provision of new workspace in the Coalville Growth Corridor.
- Development and approval by Cabinet of a Property Energy Strategy, setting out a programme of invest to save measures to reduce the Council's energy expenditure, increase income from renewable energy sources (supporting the MTFS) and to achieve the CO2 reduction targets set out in the Environment Strategy.
- Development and approval by Cabinet of the County Hall, Master Plan, setting out short and long-term investment recommendations to:
 - Safeguard the long term integrity and value of this key asset and;
 - Secure revenue savings and income to support the MTFS.
- Establish governance and delivery arrangements for the project, as part of the Transformation Programme. Commencement of phase 1 activity, to include:
 - Provision of new Data Centre.
 - Setting of long Term maintenance strategy.
 - Complete Acquisition of Anstey Frith House (former Fire HQ).
- Successful promotion of potential development sites at Ibstock, Lutterworth, Melton Mowbray and Ravenstone.
- Achievement of the Capital Disposals Programme for 2013/14 and 2014/15 generating capital receipts in excess of £18million to support the Council's Capital Programme.
- Undertook a review of all LCC storage requirements, and completed the delivery of Phases 1 and 2 of the Storage Review in line with programme.

Part 1 – Addressing the Future Needs

1.0 Corporate Priorities

1.1 Leicestershire County Council Strategic Plan 2014 - 2018

Approved by Cabinet and adopted by full Council in May 2014, the revised Leicestershire County Council Strategic Plan creates a framework that will enable the Council to fundamentally change the way it operates as an organisation and how services are provided in order to meet the joint challenges of ongoing Central Government funding reductions and changing and increasing community demands.

To support the transformation a new mission statement has been adopted –

“The County Council will lead Leicestershire by working with our communities and partners for the benefit of everyone”

The Strategic Plan focuses on the following six priority areas:-

1. *Leadership and Transformation.*
2. *Enabling Economic Growth – A Thriving Leicestershire Economy.*
3. *Better Care – Health and Social Care Integration.*
4. *Supporting Children and Families.*
5. *Safer Communities.*
6. *Environment.*

Each priority area has a comprehensive set of supporting actions and plans which will contribute to the delivery of the desired outcomes and achievement of required goals and targets.

The plan focuses on the need to build on the council's strong track record of working with communities (and other partners from all sectors) by engaging with and empowering them to secure the innovative delivery of services and create greater community resilience. It is recognised that there are a number of key components that will contribute to achieving enhanced community working:-

*Customer Services and Digital Delivery
Technology, Business Intelligence and Innovation
Integrated Services and Strategic Commissioning
Asset Rationalisation and Utilisation
Transformation through our People Strategy and Organisational Development
Equalities and Diversity*

'Asset Rationalisation' and Utilisation provides a focus for a significant proportion of the Management Delivery Plan 2015/16 in Section 2.2.

The Strategic Plan mirrors the County Council's Economic Growth Priorities and the Strategic Economic Plan being delivered through the Leicester and Leicestershire Economic Partnership (LLEP). These plans identify five growth areas and priority sectors where by working with partners growth at target levels can be achieved ensuring that there is a thriving local economy underpinned by good infrastructure that creates jobs and prosperity. This will be achieved by encouraging sustainable development, investing in both the strategic transport system and sustainable transport, providing support to businesses and ensuring that the workforce possesses the skills to match the needs of business. Again the County Council through its property investments and developments has the ability to influence the achievement of this goal. Appropriate plans are contained in the Asset Management Delivery Plan 2015/16 (Section 2.2).

Similarly, the use and development of the Council's corporate property resources and the ability to identify partner organisations will be crucial to the delivery of other wider aspirations including:-

- Delivering an integrated fit for purpose health care system.
- Increasing opportunities for people to participate in sport.
- Implementing a Schools Place Planning Strategy.
- Supporting the delivery of free school meals.
- Completion of the County Hall Master Plan.
- Reducing Carbon Emissions.
- Enhancing Leicestershire's Natural, Historic and Cultural Environment.

1.2 Medium Term Financial Strategy 2015/16 – 2018/19

The Medium Term Financial Strategy (MTFS) 2015/16 – 2018/19 has been developed against the backdrop of continuing extremely challenging economic conditions resulting in significant and on-going reductions in Government funding despite positive economic growth forecasts. It is not expected that national public sector net borrowing will be eliminated until after 2017/18. Longer term asset strategies are essential to help tackle these financial challenges.

Leicestershire County Council continues to face significant financial challenges through the combined effects of:-

- Low funding coupled with ongoing reductions in Revenue Support Grant;
- The government's reform programme – such as continued council tax restraint; implementation of the Care Act the ongoing effects of the Academies programme.
- Below average per pupil Direct Schools Grant (DSG) rates of funding;
- Increased costs of Adult Social Care due to increased numbers of people with learning difficulties and an ageing population with increased care needs.
- An increase in costs of waste disposal due to Landfill Tax;
- Increased costs of Children's Social Care due to pressure on the placements budget.
- Addressing the deficit within the pension fund.

The MTFS describes Leicestershire County Council's approach for dealing with these pressures over the next four years:

The medium term position shows a balanced position over the next two financial years based on existing savings and growth estimates. However, there is a requirement for further savings of £7.8m in 2017/18 and £9m in 2018/19 due to increased demand pressure from the most vulnerable people in the community. The current challenging financial position is likely to continue into 2019/20. These further savings will be achieved from savings generated in the following areas:-.

- Reduction of senior management and administration.
- Better commissioning and procurement.
- Service redesign.
- Collaboration / shared or single services.

The Council's corporate property resources have a key role in supporting the MTFS through securing revenue savings in reduced property costs; creating and releasing capital receipts to support the capital programme; generating revenue income from leasing operational property (such as corporate offices) and from appropriate property and renewable energy investments.

1.3 Capital Strategy 2014 – 2018

The capital strategy is derived from the priorities identified within the Corporate Strategic Plan 2015-19, the MTFS and the departmental strategic plans.

The capital programme for 2015-19 totals £228.9m (over 4 years). As detailed in the MTFS, funding to support the capital strategy is through a combination of Central Government grant, external contributions and grants, capital receipts, and contributions from revenue balances and earmarked funds. No unsupported borrowing is included in the current programme. Grant funding is the largest source of financing for the capital programme, totalling £155.3m across the 4 year capital programme. Capital grants are awarded by central government departments including the Department for Education, (DfE), the Department of Health (DoH) and the Department for Transport (DT). While central government grants are allocated by specific central government departments, they are not ring fenced.

The sale of capital assets generates capital receipts which are used to finance the capital programme. A total of £28.4m is estimated to be achieved from property sales during 2015-19. These capital receipts targets drive the proposals in the Asset Management Delivery Plan 2015/16 in Section 2.2 to bring forward development sites, to deliver the specified Disposals Programme, and to re-invest into appropriate property and energy investments.

Other funding includes, £8.4m from a loan repayment, £29.8m from revenue/ earmarked funds and £7m in external contributions mainly from section 106 housing developer contributions.

2.0 Strategic Vision for Property

2.1 Vision Objectives and Outcomes

The previous CAMP (2013/14) marked a significant shift from a focus that historically had been narrowed upon the Council's own estate to one that took into account the wider perspective of the opportunities available through the wider perspective of the opportunities available through the overall public sector estate. This new strategic vision still holds good for 2015/16 but has been updated to reflect the County Council's current Strategic Plan 2014-18 and the continuing opportunities available through the County Council's property related commissioning activities.

Leicestershire County Council's Strategic Vision for Property is based upon the following aspirations:

1. Delivering Asset Strategies that support the delivery of the MTFS and the Strategic Plan's priority outcomes:

In addition to the key imperative to support the delivery of the MTFS targets, the County Council's asset strategies must also facilitate :-

- Leadership and Transformation.
- Enabling Economic Growth 'A thriving Leicestershire economy'.
- Better Care - Health and Social Care integration.
- Supporting children and families.
- Safer Communities.
- Promoting a sustainable environment.

2. Maximising the opportunities that are available through the 'total local public estate'

Plans for County Council assets will take into account the potential that may be available through the collective public sector asset base in a geographic area to enable the delivery of:

- Priority Strategic Plan outcomes.
- Locality based requirements – for example, to address specific local service needs; to support local economic development or regeneration requirements.
- Improved and better integrated public services – for example, shared facilities for back office or customer facing services.

3. Providing county wide property services that are available for all public services' partners

The aim is to maximise the benefits that may exist through pooling the needs and provision of property services across public sector partners as a means for securing efficiency and revenue savings and for providing more joined-up property solutions through more joined-up property services.

4. Maximising the range of benefits through the commissioning of property projects and property services

The County Council is a significant commissioner for the supply of construction, consultancy and energy services in Leicestershire, and the effective management of this process will:

- Ensure cost effective construction and energy services are provided to the County Council;
- Maximise the benefits of collaboration and partnership in commissioning property services in the public sector;
- Support the operation of commercial and traded services to provide financial sustainability to Council operations;
- Secure innovation and continuous improvement in the commissioning and delivery of County Council property services;
- Secure inward investment in SME business in Leicestershire and the wider east midlands region;
- Promote training, development and retention of a skilled labour market in the region.

5. Providing public sector facilities that the Leicestershire public are proud to use and own

The County Council has a strong role to play in providing public sector facilities that:

- Are known and recognised by the Leicestershire public.
- Are of an appropriate quality.
- Are assets, not liabilities.
- Are well managed and maintained.
- Are environmentally friendly.
- Include some facilities that inspire and excite.
- Provide facilities and services that are considered to be important by the Leicestershire public, but would otherwise not be available.
- Enhance the locality as a place to live, work, learn and play in.
- Send a positive message about Leicestershire and its people.

2.2 Service Objectives

The above 'Vision Objectives and Outcomes,' set the strategic direction for the County Council's estate. The following table, developed in consultation with the Council's Service Areas and Service Business Partners, highlights tasks and projects to be delivered during 2015/16 in order to support service plans and objectives.

Figure 2.0 - Corporate Asset Management Delivery Plan 2015/16

Corporate Resources Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
Support the delivery of MTFs targets.	<ul style="list-style-type: none"> Reduce revenue property operating costs. Deliver capital receipts to support the Capital Programme. Increase revenue income. Improved Procurement and Commissioning processes in place. 	Reviews of: <ul style="list-style-type: none"> Beaumanor Hall. Leasehold office buildings with high operating costs including Charnwood locality (Pennine House). Abington House (as part of wider educational review of Wigston schools and locality office accommodation). Promote identified 'bring forward' sites. Increase investment in appropriate investment properties. 	<ul style="list-style-type: none"> In-house review and the phased roll-out of the Area Based Asset Challenge and strategies for each asset. Ongoing development and delivery of bring forward sites. Identify and support investment acquisitions through the Corporate Asset Investment Board. Improved Commissioning and Frameworks in place to improve the processes of letting and performance managing Capital Projects.
Implementation of the Property Energy Strategy and related initiatives.	Continuing implementation of an invest-to-save programme.	Review all corporately operated buildings/sites and identify invest to save projects throughout to secure strategy targets.	Develop and implement the review using a combination of in-house and procured support.
	Development of new investment opportunities in energy resources.	Business case and service development for installation of renewable energy assets for sale of power and heat to: <ul style="list-style-type: none"> Schools estate (pilot phase of up to 15 schools). Commercially operated estate (pilot phase of 2 farms, industrial sites TBC). County-wide investigation into potential for District Heating Networks, to develop greater understanding of the Council's role and potential investment opportunities. Potential solar power projects to support Heritage asset sustainability. 	<ul style="list-style-type: none"> Complete ongoing development of in-house processes and project management. REFIT (energy performance) framework contractor. Commission external advice to support development of business case with site specific project scenarios developed for potential trial implementation on 2 farms. Tender for consultancy support, funded by DECC funding (if bid successful) and partner contributions, working in partnership with Charnwood Borough Council, North West Leicestershire DC and NHS partners.
	Develop a corporate water management strategy.	Review all corporately operated buildings/sites.	Complete and Deliver.
	Review of energy purchasing/sourcing contracts.	All corporately operated buildings/sites (and street lighting electrical supplies).	Complete and deliver in-house led review working in partnership with ESPO (incumbent supplier).
Further development of the Asset Investment Fund to improve financial resilience and promote Enabling Growth.	Finalise and Implement Investment Strategy.	Implement Acquisitions and Investment Strategy in line with MTFs funding allocation to secure suitable new investment properties and deliver new workspace. Loughborough University Science and Enterprise Park – Support infrastructure to enable development to progress and work with the University on further phases.	<ul style="list-style-type: none"> Strategy to be completed and approved. Delivery through existing governance and in-house processes.

Corporate Resources Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
Delivery of the County Hall Master plan.	Delivery of approved County Hall Master Plan as a Transformation Enabler project.	County Hall: <ul style="list-style-type: none"> • Block A (Pen Lloyd) – flexible working, renting surplus space. • Block H (ICT) – mothballing, new replacement data centre. • Block E (Rutland) – flexible working. • Block J (E Annex) – mothballing offices and storage. • Blocks V,W,X (Anstey Frith Ho.) – Registration Services/ Out of hours offices. 	<ul style="list-style-type: none"> • Support delivery of project's Property workstreams.
Performance measurement and monitoring of Corporate Properties.	Develop appropriate performance indicator and benchmarking across all relevant areas.	All County Council assets.	Strategic Property Services to implement appropriate Performance Indicator measurers.

Adults and Communities Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
Support the delivery of 'Museums Collections Strategy'.	A programme of site specific reviews and projects.	Specific sites in scope are: <ul style="list-style-type: none"> • Sherrier Centre. • Barrow Museum Store. • Matrix House. • County Hall (Eastern Annex). 	Internal reviews through Business Partner team and liaison with Intelligent Client and services, including interdependencies with both the transformation of Communities and Wellbeing services and County Hall Master plan and Asset Challenge. Identify opportunities for intensification and relocation and progress to disposal with any assets identified as surplus.
Support the reduction in operating costs for the Communities and Wellbeing Service as required in the MTFs.	Transfer Community Libraries to local communities to reduce staffing and property operating costs.	Programme of transfer by lease or sale of all 36 Community Libraries.	<ul style="list-style-type: none"> • Development of strategy for transfer for each property. • Utilising in-house support to formalise transfers.
	Develop a revised mining offer at Snibston Discovery Museum.	Snibston Discovery Museum <ul style="list-style-type: none"> • Demolition of main gallery. • Utilisation of remaining buildings to enable the refocus of the museum towards a Mining Museum. • Creation of a new museum based around scheduled ancient monuments and mining heritage. 	<ul style="list-style-type: none"> • Support the delivery of the property related workstreams for this project, as yet to be defined.
	Reduction in Property Costs.	Consolidation of Sherrier collections and loan artifacts into Barrow/other storage and Eastern Annex (or alternative location) for charged for services.	
	Support the continuing delivery of the Using Buildings Better Strategy to increase revenue for the service.	Reconfigure space within the following C&W assets to provide improved let-able learning and ICT space. <ul style="list-style-type: none"> • Glenfield - creation of 2 learning rooms. • Oadby - creation of 2 learning rooms. • Blaby - creation of 1 learning room. 	The development of schemes in conjunction with C&W and the commissioning of OPS to procure and deliver schemes.
Support a reduction in operating costs for the Adult Learning Service.	A programme of site specific reviews and projects.	Improve learning facilities at Libraries under the Using Buildings Better project as detailed above to enable more efficient use of Community & Wellbeing occupied buildings.	As above.
		Review of property agreements and costing for services delivered at: <ul style="list-style-type: none"> • John Cleveland College, Hinckley. • Countesthorpe College. • Brockington College. • Groby College. • Quorn Rawlins. 	The commissioning of Estates to review fees and negotiate property agreements.
		Site specific projects at: <ul style="list-style-type: none"> • Brockington Bungalow to improve and increase use of site. • Additional sites as required. 	Develop design and commission OPS to procure and deliver schemes.

Adults and Communities Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
Support the delivery of the 'In House Services' review within Adult Social Care.	Support the amalgamation of the Community Life Choices and Short Break services through the creation of improved and more intensively used social care buildings.	Develop, design and implement schemes at the following Short Break properties: <ul style="list-style-type: none"> • Melton Short Breaks, Melton. • The Trees, Hinckley. • Carlton Drive, Wigston. 	The development of schemes in conjunction with ASC and the commissioning of OPS to procure and deliver schemes.
	Rationalisation of current Community Life Choices properties.	Disposal of underutilised Community Life Choices properties across the County <ul style="list-style-type: none"> • Millfield, Hinckley. • The Mount, Melton Mowbray. Termination, assignment of leases where assets no longer fulfilling service requirements.	Declare properties surplus where necessary and commission: <ul style="list-style-type: none"> • Estates to dispose of properties. • Estates to terminate leases and hand back properties.
Enable a greater number of older people to live independently through the development of Extra Care Housing in Leicestershire.	Delivery or support to deliver Extra Care Schemes.	Contribution to East Midlands Housing for development of Extra Care scheme in Loughborough. Development of scheme in Melton Mowbray.	Support Service area in developing and delivery Extra Care Strategy (2015/16).

Children & Families Service Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
To provide the additional primary school places required and identify the capital budget necessary to meet this need before allocating any other expenditure.	To establish a new primary school in Braunstone / LFE.	Delivery of a new primary school is to be developed in Braunstone. September 2016.	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
	To develop a new primary school on the Mount Grace campus.	The Mount Grace campus will be converted to provide a 630 place primary school as replacement to Holliers Walk. September 2016.	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
	To provide a new primary provision Birstall.	Delivery of a new 210 place primary school to be developed.	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
	Primary adaptations at various primary schools.	Major primary adaptations projects in; <ul style="list-style-type: none"> • Anstey. • Loughborough. • Groby. • Coalville. • Ashby. • Ibstock. • Bottesford. • Hinckley. • Great Glen. • Huncote. 	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
To ensure there is a good supply of secondary places in each locality, offered through well planned, sustainable and viable solutions, underpinned by robust funding arrangements.	Redevelopment of the Longslade Campus.	Support stakeholders with the master plan of the Longslade campus.	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
	Redevelopment of Wigston campus.	Redevelopment of the Abington, Bushloe and Guthlaxton campus.	The development of schemes in conjunction with C&FS and the commissioning of OPS to procure and deliver schemes.
	Non allocated secondary contingency to support CIF bids.	Funding allocated to support CIF bids which involve school expansion or provide additional places <ul style="list-style-type: none"> • Anstey Martin High School – sport halls. • Woodbrook High School - dining facilities. • Thomas Estley Community College – sports hall. 	Support the development and delivery of schemes in conjunction with C&FS.
Identify sufficient capital funding to fulfil our commitment to the programme of Area Special School Development.	Completing the final development in Wigston.	Delivery of a new area Special School, Wigston.	Support the development and delivery of schemes in conjunction with C&FS.

Children & Families Service Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
To ensure that basic needs capital allocated to the LA is targeted towards meeting the need for additional places arising from increase births and general demographic change.	Statement in principle.	To be achieved in key projects identified in other priorities.	
To seek to support opportunities to address structural change to the pattern of education, where this can be linked to basic need requirements in the locality, and here there is a robust case for change.	Removal of the 10+.	Removal of the 10+ at <ul style="list-style-type: none"> • Wigston campus. • Oadby campus. • Shepshed & Castle Donington campus. 	Support the development and delivery of schemes in conjunction with C&FS.
To work with each District, housing developer, maintained schools and Academies to ensure; that appropriate contributions are received for new school places, proportionate to the scale of development, and used in a way which provides for the best educational solution.	Statement in principle.	Capital programme includes Section 106 monies.	Support the development and delivery of schemes in conjunction with C&FS.
To support the development of a vibrant and sustainable mixed market approach to the provision of school and other learning places in Leicestershire, so as to promote the best possible choice and diversity.	Statement in principle.	To be achieved in key projects identified in other priorities.	
To further develop strong arrangements for the management of our assets, and strengthen our relationship with Academies, to ensure all school buildings (irrespective of their designation and howsoever funding) are maintained fit for purpose.	Implement new procedures for working with Academies. Delivery of the Priority School Build Programme.	Develop and implement new procedure for licensing of alterations by academies. Develop and communicate clearly to academies the Landlord and Tenant relationship. Working with the EFA, Schools and Academies to deliver major redevelopment schemes: <ul style="list-style-type: none"> • Thurmaston, Bishop Ellis. • Birstall, Longslade. • Birstall, Highcliffe. • Countesthorpe, Leyslands. 	New procedures developed in conjunction with C&FS, Legal Services and Estates. Support the development and delivery of schemes in conjunction with C&FS.
Promote the provisions for vulnerable individuals, groups, Early Years, and Children's Centres.	Redevelop key buildings to create hubs for the provision.	Redevelop existing key buildings to deliver new Early Help provisions in: <ul style="list-style-type: none"> • Coalville. • Loughborough. • Hinckley. 	Support the development and delivery of schemes in conjunction with C&FS.

Environment and Transport			
Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
Expansion of Driver Education Workshop to maximise an income generation opportunity.	To provide a training facility to maximise the catchment area within which Driver Education tutorials can be offered.	Market Harborough or near to the Leicestershire County boundary to the south.	Develop and deliver strategy.
To make contingency plans for the impending lease termination of the Melton Mowbray highways depot in 2019.	To provide an alternative strategic base for highways and winter road maintenance tasks.	Melton Mowbray or immediately surrounding area on a site which will have sufficient capacity to accommodate highways vehicles and potentially a small fleet of buses operated by LCC.	Develop and deliver agreed contingency plan.
To locate and secure a suitable base / depot area for the parking of fleet buses following the move from Earl Shilton and the closure of the Millfield Centre.	To maintain a number of fleet vehicles in the area they are required to minimise un-necessary mileage.	Hinckley and surrounding areas.	Develop and deliver agreed plan.
Essential improvement of the highways network.	To acquire the lands necessary to implement highway improvements.	Including Desford crossroads, County Hall and New Parks Way roundabouts.	Potential compulsory acquisitions of lands including Desford crossroads, and Glenfield areas.
Expansion of infrastructure due to planned developments in south Leicestershire.	To acquire the lands necessary to implement the highway improvements.	Various locations in South Leicestershire.	Potential compulsory acquisitions of lands to upgrade the infrastructure south of the county.
To make contingency plans for the impending lease termination of the Lount composting site in 2020.	Commence an immediate land search to identify suitable alternative locations to replace the Lount facility as the site handles over 40% of the green waste produced in the county.	Within a 5 mile radius of Lount.	Commissioning of an immediate land search to secure and develop an alternative site to coincide with the termination of the existing lease arrangements.
To advance the navigation of the Ashby canal.	To acquire the necessary lands to implement the further construction work to extending the Ashby canal.	Along the Ashby canal corridor.	Develop and deliver agreed plan, in support of service strategy.
Construction of a new bridge over the river Soar at Zouch, Loughborough which carries the A6006.	To acquire the necessary lands to implement the new construction project.	Immediately surrounding the existing bridge over the River Soar in Zouch.	Potential compulsory acquisitions of lands to implement the works to replace the structurally defective bridge.

Chief Executive			
Service Priority / Development Area	Strategic Approach	Assets / Locations	Delivery
New Registrars and Marriage Facilities in County Hall and Oadby and Wigston Borough Council.	Forms part of the approved County Hall Master Plan	County Hall new facilities will be delivered by May 2015, O&W BC location identified and negotiations progressing – exiting registration facility will be released on completion	Deliver plan as agreed work stream of the approved County Hall Master Plan
Implement operational efficiencies of the Coroners Services and mortuary provisions in Leicestershire building on the earlier feasibility work on future operating models.	Contribute to review and support Transformation to develop a business case for the provision of Coroners and mortuary facilities.	Central location to be identified in Leicester/shire.	Support the Service / Transformation led review and support delivery of subsequent strategy.
Promotion of economic development and growth plans in Leicestershire including, through the delivery of the Council's Enabling Growth Plan.	Property Services contributes as a member of the Enabling Growth Board.	Countywide.	<ul style="list-style-type: none"> Continuing support and contribution to Enabling Growth Board. Implementation of agreed asset investment projects.
Review of Section 106 policy.	Support the corporate review of Sec 106 policy across the County Council.	Countywide.	Support in development and delivery across all services to maximise capital receipts.

3.0 Resource Implications

This section highlights the resource implications associated with the delivery of the strategic vision for property including the specific asset management tasks and projects contained in Section 2.

3.1 Finance

This CAMP has been developed and produced in conjunction with the financial plans, programmes and budgets for the Council. This ensures that the planning for financial and property resources are directly linked and connected.

Sections 1.2 and 1.3 summarise the Medium Term Financial Strategy (MTFS) and the Capital Strategy for 2014/15 – 2018/19. This section details the capital receipts, capital programme and revenue expenditure proposals for the Council's property resources in keeping with the MTFS 2015/16 – 2018/19.

3.1.1 Capital Programme

A Service Based summary of the property elements of the Capital Programme is set out below and in greater detail in Appendix 3.

The table sets out those MTFS capital projects that are property related. Over 33%, namely £82m, of the LCC's total capital spend over the MTFS period of £228m is dependent upon property projects.

**Figure 3.0 - Capital Programme Schemes – 2015/16 – 2018/19
(Property related projects)**

Capital Budget	2015/16	2016/17	2017/18	2018/19	Total
	£000	£000	£000	£000	£000
C&FS	28,837	26,737	4,525	0	55,574
Adults and Communities	660	110	0	0	770
E&T - Transportation	520	50	50	50	670
E&T - Waste Management	0	0	0	0	0
Chief Executive's	1,275	0	0	0	1,275
Corporate Resources	1,750	400	400	400	2,950
Corporate Programme	3,900	8,080	5,500	4,000	21,480
Total	36,942	35,377	5,950	4,450	82,719

3.1.2 Capital Receipts

The projected capital receipts are shown below but full delivery may be delayed due to the need to resolve planning issues and the delayed completion of some sales.

Figure 3.1 - Capital Receipts (In relation to property disposals supporting MTFS total capital receipt targets)

Receipt	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
General	£3.606	£10.580	£4.000	£3.000	£3.300	£24.486
Earmarked	£1.363	£1.630	£0.000	£0.000	£0.000	£2.993
Total Property Services ~Target	£4.97	£12.21	£4.00	£3.00	£3.30	£27.48

3.1.3 Finance – Revenue

The following table relates to the total revenue fund managed by Property Services for the repair and maintenance of LCC maintained schools and the corporate estate for 2015/2016-2017/2018. Looking forward these figures could change significantly if a further tranche of schools convert to academies and become responsible for their own property maintenance and budgets.

Maintenance programmes are put together using information obtained from the five yearly condition surveys which are undertaken for all properties used by the Authority. All programmes are compiled by Asset Management and approved against the wider corporate asset management context prior to the final programme being approved.

Figure 3.2 - Central Maintenance and Schools Fund Revenue Budgets 2015/16 - 2018/19.

REVENUE BUDGET	2015/16 (£)	2016/17 (£)	2017/18 (£)	2018/19 (£)
Schools Fund	<i>projected</i>	<i>projected</i>	<i>projected</i>	<i>projected</i>
<i>Buy Back</i>	<u>1,250,000</u>	<u>1,000,000</u>	<u>900,000</u>	<u>750,000</u>
Central Fund LEA Retained	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Corporate Tenant Budget	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>	<u>150,000</u>
Central Maintenance Fund (All Property except Schools)	<u>2,550,000</u>	<u>2,613,750</u>	<u>2,679,094</u>	<u>2,746,071</u>
*Total Revenue Budget managed by Property Services	<u>4,450,000</u>	<u>4,513,750</u>	<u>4,579,094</u>	<u>4,646,071</u>

Definitions: -

- **Schools Fund** – Funding available to undertake smaller planned jobs and day to day repairs. This funding has been delegated to schools, but a Buy Back facility is in place where schools can put the funds into a scheme administered by Property Services. The funds are used to deal with these issues across the portfolio of schools in the scheme.
- **Central Fund LEA retained** – Funding available to undertake major repairs to all schools (excluding Voluntary Aided) has been significantly reduced and will no longer be available in 2013/14 onwards due to the school conversion programme to academy status. The authority will no longer be responsible for maintenance issues on academy schools.
- **Corporate Tenant Budget** – As part of the change to a Corporate Landlord model maintenance budgets previously held by departments were transferred to Property Services, and is used for internal decorations, floor coverings, etc.
- **Central Fund Corporate** – This budget is used for undertaking all types of maintenance and repair for all other buildings (excluding Schools). This budget also includes the former tenant maintenance funds which were incorporated into CMF a number of years ago.

3.2 ICT

The Property Asset Management System (PAMS) project is progressing well and the phased replacement of the existing Property Management Information System is due to go live in September 2015.

During the lifespan of the project a significant number of business improvements have been made and a complete change to the property financial accounting system is due to go live in April 2015.

The PAMS project will integrate with the Oracle financial accounting system and provide commitment accounting in line with the corporate strategic objectives. There is a heavy reliance on both Strategic and Operational ICT to support the integration and migration to support this requirement.

The project will ensure the continuity of good quality asset management information and provide further efficiencies with much greater functionality in the new product.

As part of the overall County Hall Master plan Programme which is now under delivery there is a separate ICT Project to implement 'thin client' technology (Virtual Desktop Integration) not just at County Hall but across the whole ICT estate.

The technology replaces existing desktop PC's with a thin client box that allows users to move from desk to desk without any issues. This technology is essential to support the smarter working and 8:10 desk ratio., which underpins the more effective and cost-efficient use of the Council's office facilities.

3.3 Human Resources

The revised Target Operating Model which put in place a Strategic and Operational Property split went live from the 1st January 2013 but after a trial period, and further pressure to make savings, some minor changes to improve clarity of Architectural and Construction services were put in place from Sept 2014.

The continued pressure for further revenue savings will result in the need for additional action plans 2016/17. While staff continue to adopt a flexible and committed approach to delivering objectives it is likely that continued pressure on resources may well impact on the ability to deliver the programmes during the MTFs period. It should be noted that the Corporate Asset Management Delivery Plan 2015/16 (Contained in Section 2.2) includes an ambitious programme of developing and delivering 'bring forward' potential development sites. This is an essential part of the programme of projects set out to support the delivery of the County Council's MTFs targets. It will be necessary to provide additional resources to enable the delivery of these projects, depending upon the scale, volume and complexity of sites co. This will affect Property Services but will also have implications for other support services such as Legal Services.

3.4 Commissioning and Procurement

The previous CAMP 2013/14 introduced the proposed review of all property related commissioning and procurement arrangements. This review has now been completed and revised / updated framework agreements and contracts are in place across all the following areas:

- Minor works and reactive maintenance.
- Major works.
- Facilities Management.
- Estates Management Services.
- Specialist Consultancy Services.
- Energy Performance Contract.

The focus during 2015/2016 is on the revision and improvement of internal processes, such as planning and programming management and performance management to ensure a strong strategic client foundation and effective operational delivery of all commissioned works and services.

Part 2 – The Evolving Estate

4.0 Existing Asset Base

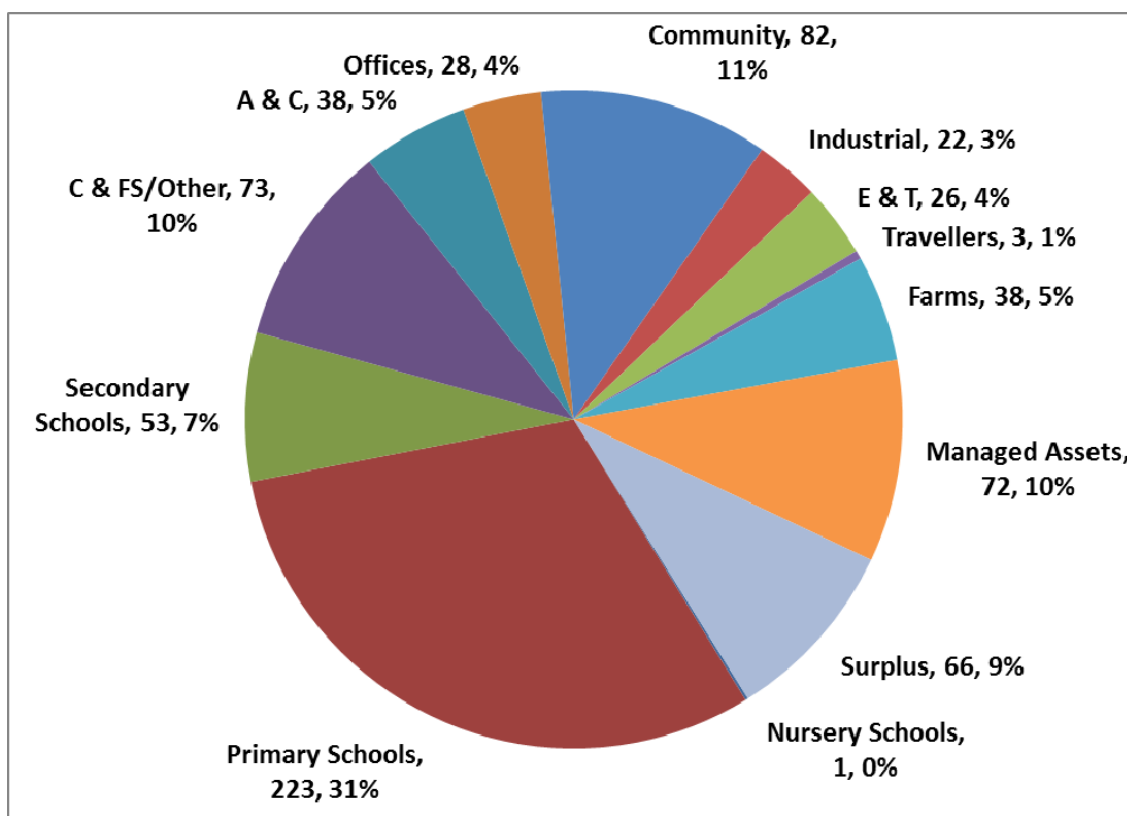
This section provides a general overview of the County Council's freehold and leasehold asset base and the current deployment of these assets to support the delivery of services. It also looks at the performance of the estate in areas such as physical condition, financial returns and suitability. Information is also provided about the amount of money expended on the Council's property resources.

4.1 Make-up of Current Asset Base

Appendix 1 contains the 'Summary of Assets and Values (2013/14) included in the County Council's audited accounts.

The following diagram presents the total number of property interests owned and occupied by the County Council broken down by type of user.

Figure 4.0 - Projected Numbers of Council Property Interests as at 1st April 2014



The total number of property interests owned by the County Council has reduced from 918 in the CAMP 2013/14 to 725 in the CAMP 2015/16. This reflects the substantial amount of rationalisation and reductions across the portfolio as the Council implements the necessary changes and reductions in service delivery. Notable examples include the continued

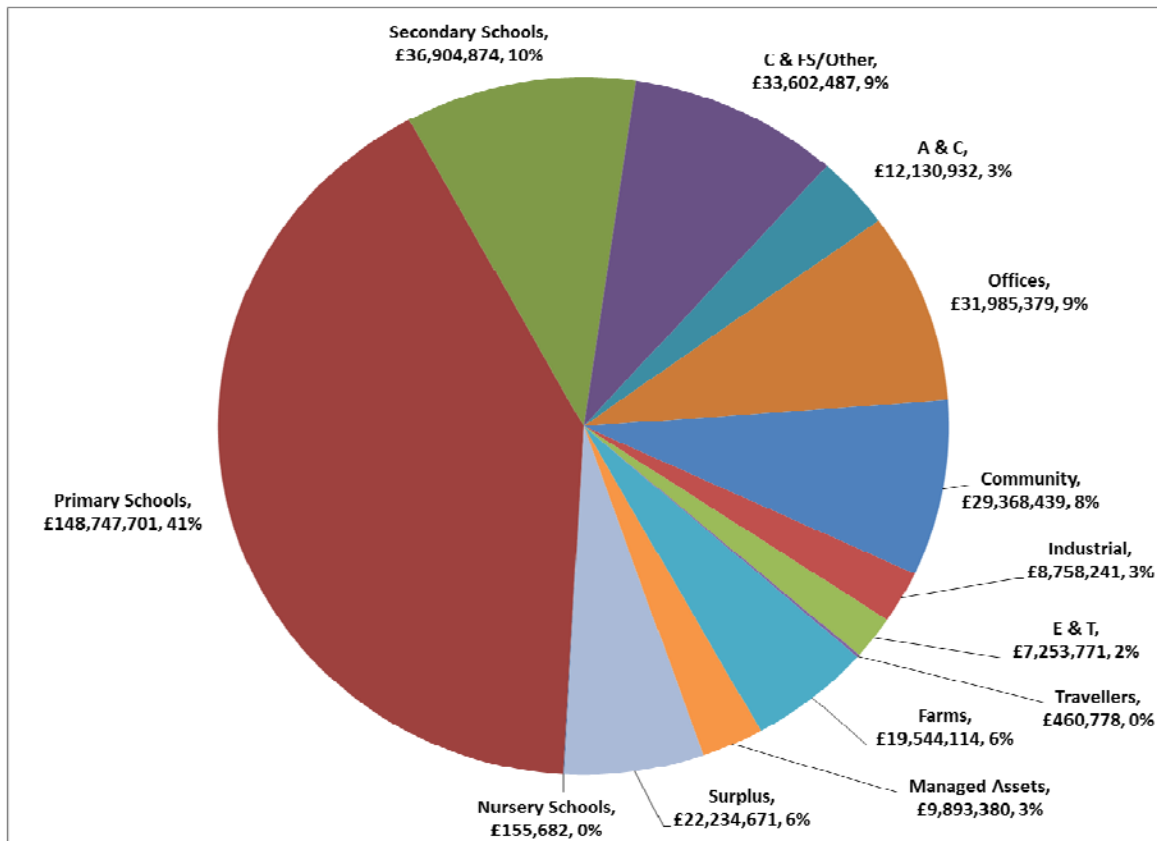
implementation of the Office Strategy; reductions following the Adult Social Care personalisation agenda; disposals of associated buildings linked to the Academy agenda; and the reclassification of assets forming the new Asset Investment Fund.

Looking ahead there will continue to be further disposals of surplus assets and potential development land during 2015/16 and beyond. There will also be additional new assets as the new Schools Capital Programme rolls out during the next two years and plans to acquire new investment properties take effect. Total numbers of assets are likely to remain in the 700's.

4.2 Value of Asset Base

Table 4.3 presents the total asset value of the Council's total property holdings, broken down by type of use.

Figure 4.1 - Projected Assets and Values as at 1st April 2014 (All Assets)



The following table presents the changes in the total asset value of the Council's property holdings since 2010.

Figure 4.2 - Table showing difference in Asset Values since 2010

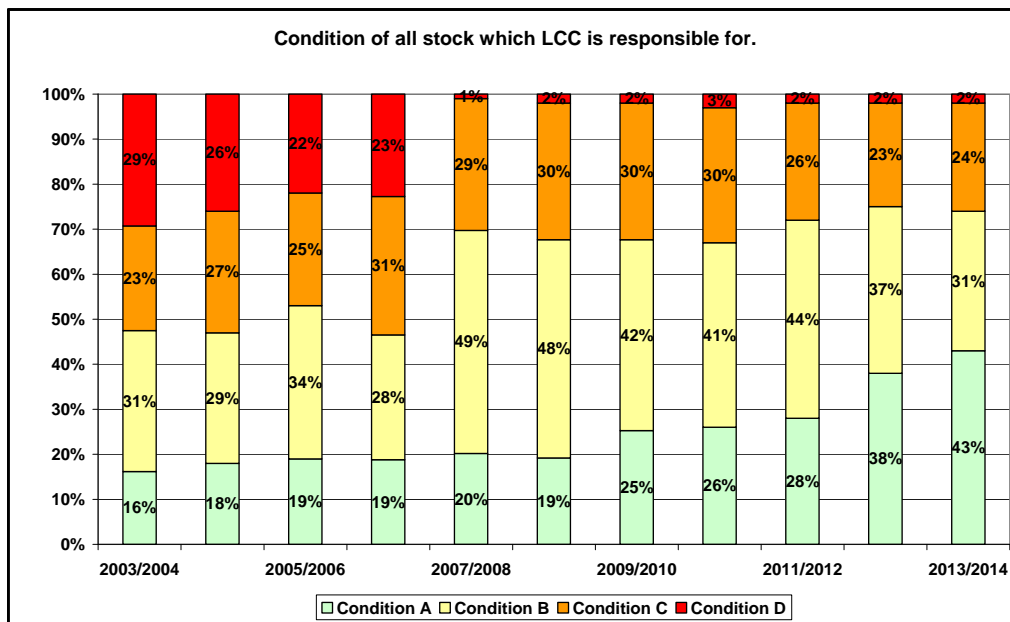
Valuation Date	1 st April 2010	1 st April 2011	1 st April 2012	1 st April 2013	Estimated @ 1 st April 2014
Total Asset Value	£695,764,132	£640,666,278	£676,027,107	£788,500,765	£361,040,449

It can be seen that the total value as at April 2014 of £361m has reduced dramatically from the previous year of £788.5m. This dramatic swing in values between 2012 -2014 is due partly to the reduction in total property interests but is related to the governments change in valuation methodology for schools plus the creation of leasehold interests from the Council's school freehold interests as they transfer to Academy status.

4.3 Condition

LCC uses CIPFA Performance Indicator PMI 1A Condition to monitor the condition performance of the Council's assets. The following diagram presents the trends for the condition of Council properties, extending over an 11 year period, from 2003/04 to 2013/14.

Figure 4.3 - Condition of Council Property Assets diagram as at 1st April 2014



Condition A	Good. Performing as intended and operating efficiently
Condition B	Satisfactory. Performing as intended but exhibiting minor deterioration
Condition C	Poor. Exhibiting major defects and/or not operating as intended
Condition D	Bad. Life expired and/or serious risk of imminent failure

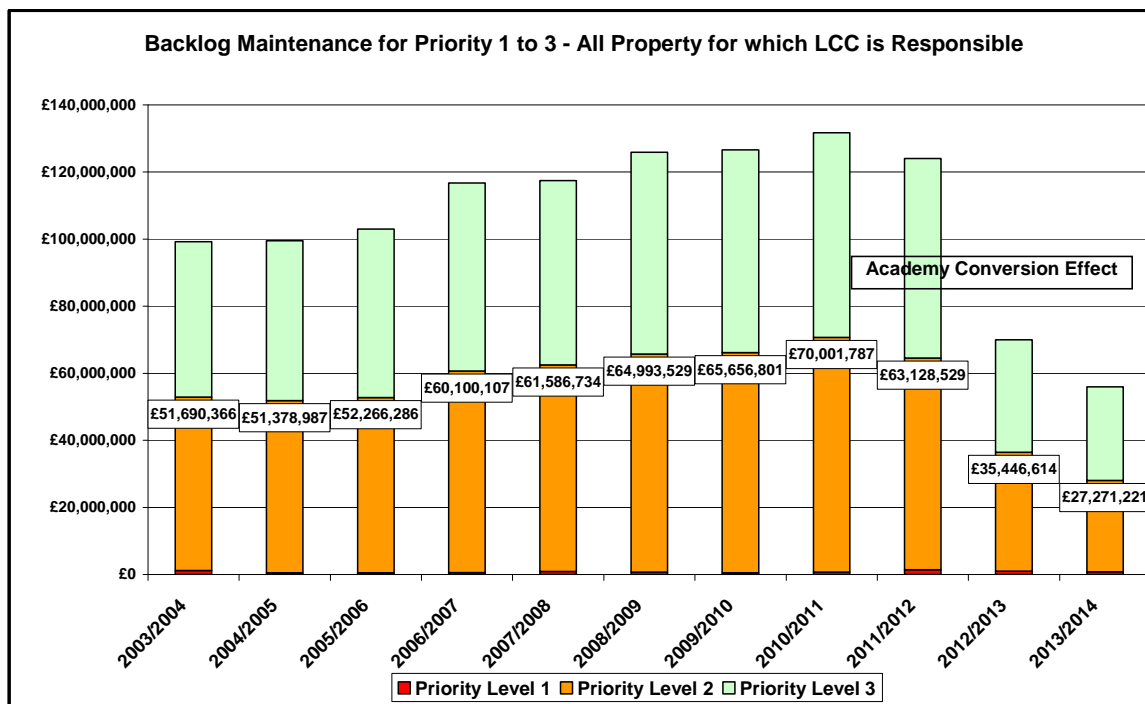
Between its baseline in 2003/4 and the present day, the County Council has made substantial efforts to target available resources to those assets that fell into Category D (those assets being life expired or had a serious risk of imminent failure) which could cause disruption of services to the public e.g. a school closure due to a boiler failure. Since 2009/10 there has also been progressive increase in the proportion of assets in category A. A reduction of poorly performing buildings (orange and red indicators). This is partly due to a programme for the replacement of time expired modular buildings on school sites and a proactive asset strategy supporting services through reviews to enable the release and disposal of buildings in poor condition or no longer suitable for service delivery.

The trend of continually improving the condition of the County Councils assets is to be maintained, but will be subject to the impact of the corporate requirement to deliver revenue savings on maintenance budgets.

4.4 Maintenance Backlog

The following table presents the trend in maintenance backlog costs over the last 10 years

Figure 4.4 - Backlog Maintenance of County Council Assets as at 1st April 2014



KEY

Priority 1	Urgent Work that will prevent immediate closure of premises and/or address immediate high risk to health and safety of occupants and/or remedy a serious breach of legislation
Priority 2	Essential work required within two years that will prevent serious deterioration of the fabric or services and/or address a medium risk to health and safety of occupants and/or remedy a less serious breach of legislation
Priority 3	Desirable work required within three to five years that will prevent deterioration of the fabric or services and/or address a medium risk to health and safety of occupants and/or remedy a minor breach of legislation

The table shows that virtually all Priority 1 'urgent' works are addressed and almost eradicated from the Council's stock of property. Maintenance backlog requirements are fairly equally divided between priority 1 and 2 levels.

The substantial drop in the total maintenance backlog costs for the last 2 years is due to the transfer of repairing liabilities to the Academies and Trust schools during which process some of the inherent maintenance liabilities were addressed.

The on-going aim is to maintain this trend of reducing maintenance backlog costs, but this will be subject to the future impact of revenue savings and cutbacks on maintenance budgets.

4.5 Planned and Reactive Maintenance

Planned maintenance is generated from condition surveys where priorities and a program of maintenance work are created from the database. As more schools transfer to academy status, the burden upon Local Education Authority's liability to repair reduces. The responsibility for repairs and maintenance, together with all statutory compliance issues, falls to the Academy head teacher and governors, although these services can be provided by Operational Property Services on a contract basis.

Reactive maintenance is generated from the calls to Operational Property Services' helpdesk from schools, offices and other building users, because these are emergency requests resulting from a building failure or breakdown they require immediate response on a piecemeal basis and are inherently more expensive and costly to resource.

The following diagram represents the total amount of both revenue and capital monies spent on planned and reactive maintenance for the corporate estate and the Schools estate for 2012/13 and 2013/14. As explained in Section 3.1, the Central Maintenance Fund (CMF) is the revenue budget allocated to the maintenance of the County Council's corporate estate (excluding schools). The Schools Maintenance Fund (SMF) is an annual Government funded capital grant. The SMF varies annually and cannot be budgeted too far in advance of each financial year.

Figure 4.5 - Planned Reactive Maintenance Expenditure

	2012/13		2013/14	
	<i>Central Maintenance Fund (£)</i>	<i>Schools Maintenance Fund (£)</i>	<i>Central Maintenance Fund (£)</i>	<i>Schools Maintenance Fund (£)</i>
<i>Planned Maintenance</i>	500,000	2,800,000	500,000	3,200,000
<i>Reactive Maintenance</i>	2,340,000	2,590,000	2,300,000	1,675,000
Totals	<u>2,840,000</u>	<u>5,390,000</u>	<u>2,800,000</u>	<u>4,875,000</u>

The split between planned and reactive maintenance is as follows;

Figure 4.6 - Split between Planned and Reactive Maintenance Expenditure

	2012/13	2013/14
<i>Planned Maintenance</i>	40%	48%
<i>Reactive Maintenance</i>	60%	52%

The recommended best practices split is 70% planned and 30% reactive maintenance. The unpredictability of the Government grant for the Schools Maintenance Fund makes it difficult for the County Council to meet this best practice standard. A more realistic aim is to seek to achieve a 60%: 40% split between planned and reactive maintenance spend as far as is possible and practical.

4.6 Energy Water and CO2 emissions

In July 2014 Cabinet approved a corporate Property Energy Strategy. This established energy management as a priority for the strategic planning and operational management of property and established a new performance management approach.

Performance reporting of energy, water and CO2 emissions has been significantly influenced by legislation and governance relating to the calculation of CO2 emissions, and in terms of the Council's changing responsibility in relation to the schools estate.

Performance against historic criteria

Historic Performance Management Indicators (PMI's) 2A and 2C are included below, reported in line with previous formats for the final time before being superseded by a revised baseline and performance management overview in future CAMP reporting.

Figure 4.7 - Energy Performance Management Indicators 2A

(Reported for all operational properties including Schools, in respect of electricity and gas consumption).

	2012/2013	2013/2014
Energy Cost Total Spend	£11,763,690	£13,949,559.83
Energy Total Consumption (Kwh)	203,820,013	201,111,736
Energy cost per sq.	£13.00/ m ²	£12.56/ m ²
Energy Consumption per m ²	225.24 Kwh/m ²	181.03 Kwh/m ³

Figure 4.8 - Energy Performance Management Indicators 2C (Emissions reported for all operational properties including Schools)

	2012/2013	2013/2014
CO ₂ Total Emissions	53,528 Tonnes CO ₂	47,534 Tonnes CO ₂
CO ₂ Total Emissions/m ²	0.06 Tonnes CO ₂ /m ²	0.07 Tonnes CO ₂ /m ²

Note: Based on total GIA (m²) of all property i.e. for both figures 4.7 and 4.8.

Energy Performance of the Corporate Property Estate (excluding schools, industrial and farms estate)

A performance management regime has been established which establishes energy consumption as a central performance measure. The following strategic targets apply:

- MTFS revenue savings £400k per annum (base year 2012/13) by 2017/18.
- Carbon Reduction Strategy requiring 34% reduction in CO2 emissions from energy use in buildings by 2020 (base year 2008).
- 24% reduction in energy consumption by 2017/18. (base year 2012/13)

Additionally, energy efficiency performance will be monitored through two indicators; the DEC rating of the portfolio, and the overall kWh/m² (GIA) of the corporate portfolio.

4.6.1 Energy Consumption

The following figures illustrates the energy consumption trends for the corporate estate. Historic performance is shown in solid lines; the dotted lines present the extrapolated performance targets set out in the Property Energy Strategy.

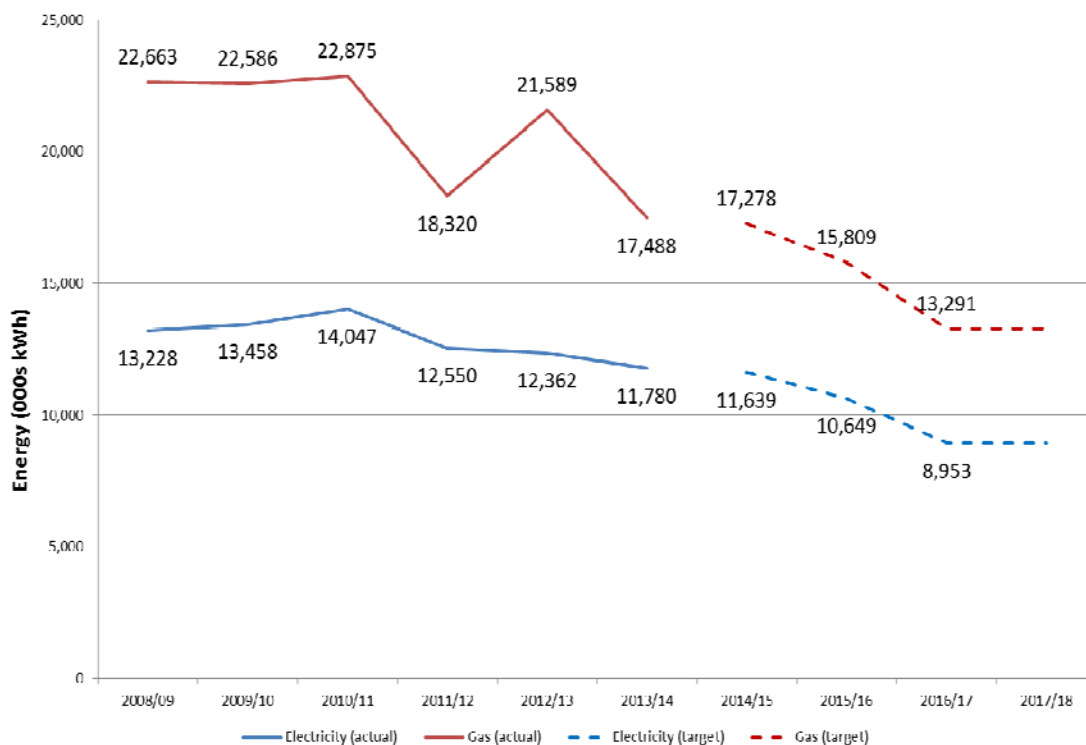
Figure 4.9 below shows that Gas use is, in general, following the required progression to suggest corporate targets will be achieved. However, the data illustrates the susceptibility of energy use to the effects of weather, with a clear spike in consumption arising from a very long and severe winter in the winter of 2012.

The marked savings in gas use have arisen to date from three main sources: From the disposal of property; through the reduction in offices and the transfer of elderly person's houses, but also through considerable effort on the County Hall campus to ensure summer gas use is minimised through more proactive management of boiler and heating systems.

Electricity use follows a similar trend, although the general trend on individual sites is for increasing intensity of use of electricity (notably in the office estate) offset by a reduction in overall number of sites.

The scale of targeted energy savings reinforces requirement for the approved Property Energy Strategy 2014.

**Figure 4.9 - Energy Consumption for Corporate Buildings
(Excludes Schools, Industrial and County Farms Estate)**



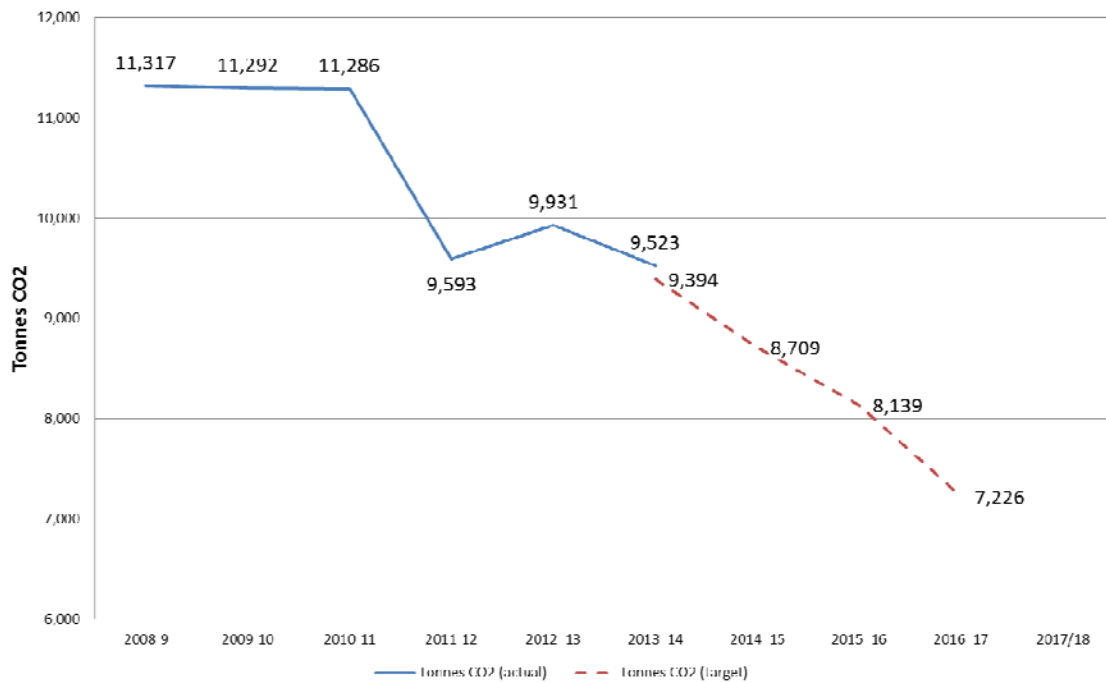
4.6.2 CO2 emissions from property

CO2 emissions from buildings are driven by the volume of energy use, (Figure 4.9) and therefore follow the same general progression as the consumption data in the previous figure. Disposal of poor quality buildings is reflected in the significant reduction in emissions linked to the changes to the estate described above.

The target shown below indicates an early delivery of the targeted reduction of 34% CO2 emissions by 2017/18.

The diagram below presents the CO2 emission trends from 2008-2018.

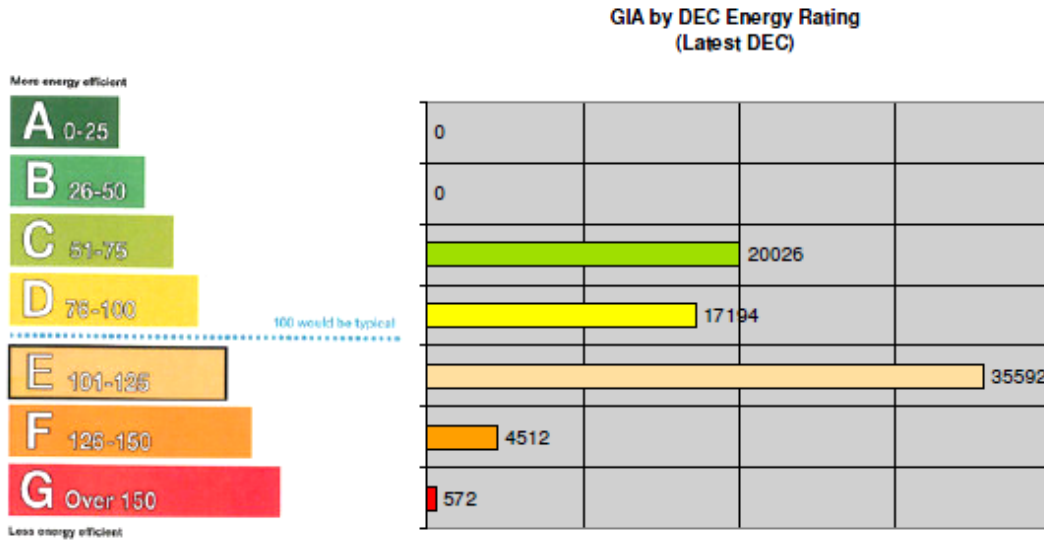
Figure 4.10 - CO2 Emissions from Corporate Buildings



Energy Efficiency

The figure below, extracted from the Property Energy Strategy, illustrates the energy performance of the buildings making up the corporate estate. The diagram shows the total gross internal area m² of buildings performing at the graded levels of energy efficiency.

Figure 4.11 – Energy Efficiency of Corporate Estate

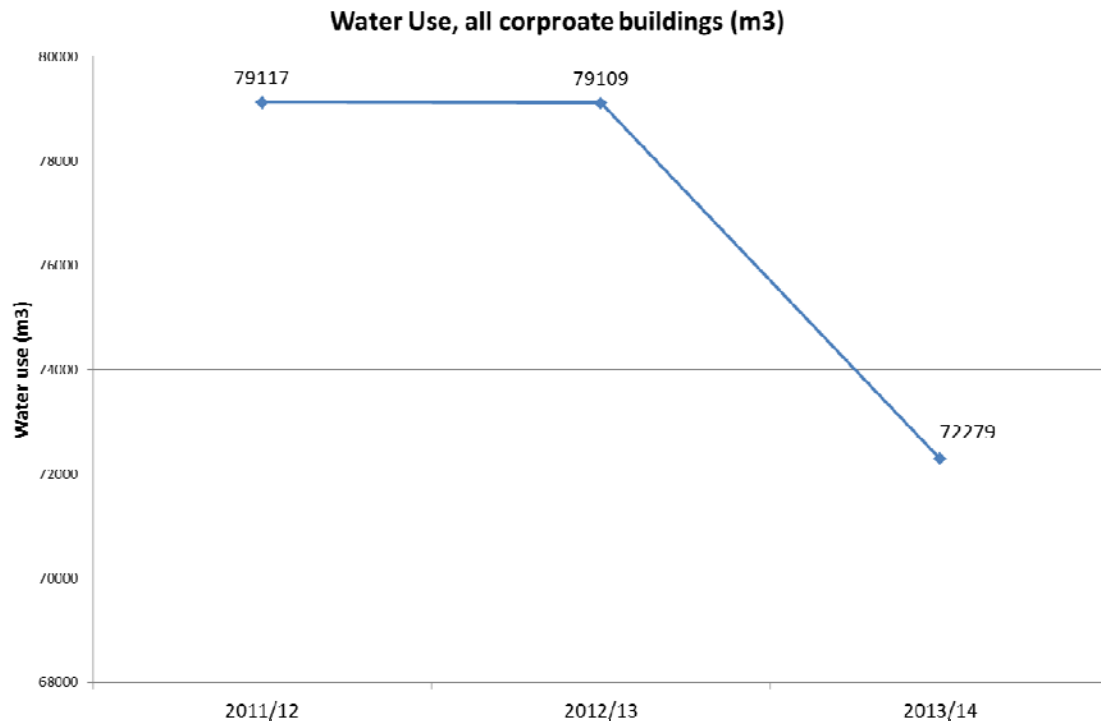


The aim through the delivery of the Property Energy Strategy is to improve upon the current energy efficiency grading's across the Corporate Estate.

Water Use

A strategy for water use is being prepared during 2015/16. The water use data below is extracted from the annual 2013/14 Environmental Performance Report.

Figure 4.12 – Water Use for all Corporate Buildings (m³)



Looking ahead, the aim of the new Water Strategy will be to reduce the current levels of water consumption across the Corporate.

4.7 Investment Portfolio

During 2014 the County Council's industrial and farms estate was combined to form the Asset Investment Portfolio.

Appendix 3 contains the detailed performance indicators for the industrial and farms investment portfolios over the 3 years to 2013/14.

Summary findings for 2013/14 are as follows:-

Figure 4.13 - Number of Investment Assets

	2011/12	2013/14
<i>Industrial</i>	216 Units Total Area : 355,103 sq. ft.	216 Units Total Area : 355,103 sq. ft.
<i>Farms & small holdings</i>	79 in 38 Estate Total Area: 7,335 acres	78 in 38 Estate Total Area: 7,191 acres

Figure 4.14 - Value of Investment Assets

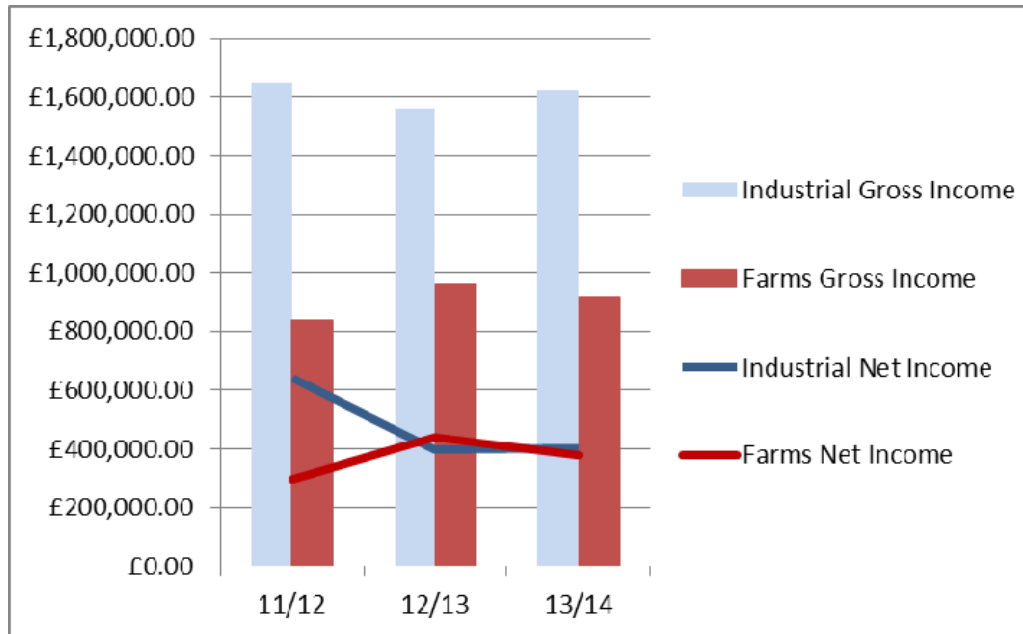
The following table presents the asset value of the industrial and farms investment portfolios for 2011/12 and 2013/14.

	Asset Value (£)	
	2011/12	2013/14
Industrial Portfolio	9,612,519	8,758,241
Farms Portfolio	12,096,918	19,544,114

Fig xx Asset Value

The dip in the asset value of the industrial portfolio is in line with falling market levels over this period. The significant increase in the asset value of the farms portfolio reflects the increasing latent development potential of various farm assets as well as the generally buoyant agricultural investment market.

Figure 4.15 - Income (Gross and Net)



It can be seen that overall gross and net incomes for both parts of the investment portfolio have fluctuated over the period. In the case of the industrial portfolio these have followed market trends whilst the farms figures show a general rise from normal operations with performance further enhanced in 2012/13 by external grant funding from environmental schemes.

Yields

Both portfolios continue to perform well above the investment rate of return target rate of 6% with Industrial at 11.43% and Farms at 10.06%. Variations over the last 2 years reported are in line with changing market conditions.

The total annual return (capital growth plus income return) of 57.1% is extremely attractive and at levels well above the market return of 10.2% for the farms portfolio because of the increase in the value of this asset base. Whilst the total annual return for the industrial portfolio improved significantly in 2013/14 to 5.8% from the previous year the level of return is still the below market level of 13.4%. This reflects the need to continue with the ongoing restructuring of this part of the investment portfolio.

4.7.1 Asset Investment Strategy

The Asset Investment Strategy for 2015/16 has been established as follows:-

1. The portfolio is to have a mix of properties based on:-
 - a. A minimum of 75% of the portfolio will be investments that are dedicated to the maximisation of financial return.
 - b. Up to 25% of the portfolio may be held to support economic development and growth whilst also providing an economic return.
2. The overall strategy is to continue to actively invest in the portfolio in order to enhance its size and quality.
3. The required risk profile within the portfolio will be 80% normal / relatively low risk and 20% higher risk.
4. The portfolio to be structured to meet income generation and long term capital growth targets.
5. The portfolio will comprise a mix of property types which will provide resilience against changing market conditions within different sectors whilst also exploiting market opportunities.
6. Maintain a diverse and balanced portfolio which builds upon the existing asset base.
7. Potential investments should be located as follows:-
 - a. In considering properties purchased to achieve a financial return priority should be given to suitable properties located in the County in addition to pursuing viable alternatives within the region.
 - b. Investments in property to be held for service delivery or economic growth will be located entirely in Leicestershire.
8. The portfolio will be performance managed and benchmarked against commercial market comparators.

4.8 Customer Satisfaction

The previous CAMP 2013/14 reported on Customer Satisfaction and performance indicators administered by the Chief Corporate Property Officer (COPROP). This scheme has since ceased and during 2015/16 internal customer satisfaction performance monitoring will be developed and reinstated.

Appendix 1 – Summary of Assets and Values

Projected Assets and Values 2013/2014

Land (Excluding Highways Land)

4496 hectares

Principal and Other Roads

4144 Kilometres

Category Name	FH	LH/L	Total	VALUE
Operational Assets Land and Buildings				
Nursery Schools	1	0	1	£155,682
Primary Schools	137	86	223	£148,747,701
Secondary Schools	13	40	53	£36,904,874
Special Schools	3	4	7	£16,984,225
Other Education	13	4	17	£6,720,484
Playing Fields	13	7	20	£1,495,037
Housing (Caretakers)	18	0	18	£2,004,717
Libraries (3 Public Libraries within Schools)	45	9	54	£16,634,145
Children and Family Centres	3	5	8	£3,391,353
Children's Community Homes	2	0	2	£1,060,003
Day Care - Elderly Persons	0	4	4	£0
Day Care - Learning Difficulties	4	8	12	£8,128,960
Day Care - Mental Health	2	2	4	£595,887
Day Care - Physical Difficulties	0	2	2	£0
Residential - Learning Difficulties	6	0	6	£2,651,005
Properties in Support of Residential Services	1	0	1	£169,080
C.C. Admin Offices and Registrars	8	20	28	£31,985,379
Museums	6	1	7	£12,611,296
Industrial (216 Units)	18	4	22	£9,390,000
Civic Amenity and Waste	14	0	14	£3,466,171
Highways Depots	8	1	9	£3,785,623
Travellers Sites	2	1	3	£460,778
Outdoor Residential Centre	1	0	1	£1,946,668
Other Highways	2	1	3	£1,977
Other A&C LALS	1	8	9	£586,000
Community Assets				
Country Park Landholdings	18	2	20	£0
Farms and Smallholdings (78 in 38 estates)	38	0	38	£15,370,000
Park and Ride (Birstall)	1	0	1	£122,998
TOTAL OPERATIONAL	382	206	588	£328,912,398

Non-operational Assets (general)				
Land in Advance	42	11	53	£4,212,892
Corporately managed	18	1	19	£5,680,488
Surplus Property				
Land and Buildings declared surplus	60	6	66	£22,234,671
TOTAL NON OPERATIONAL	120	18	138	£32,128,051
OVERALL TOTALS	502	224	726	£361,040,449

FH = Freehold

LH/L = Leasehold or Licence

NB.1 Data and Values based on LCC Asset Register @ 1/4/2013, School s data projected to 1/4/2014

NB2. During the year ending 31st March 2014 the value of all educational properties was reassessed and valued on a Fair Value – Existing Use Value basis assuming a Modern Equivalent Asset rather than replacement of the asset of the same size as the existing. This was a requirement by the International Financial Reporting Standard (FRS 15) and endorsed by CIPFA and the RICS with effect from 1 April 2011 however PMIS was unable at the time to calculate valuations adopting the MEA methodology.

Appendix 2 – Capital Programme

Draft Capital Programme 2015/16 to 2018/19 (Property Related Projects Only)	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
C&FS					
School Accommodation Programme	25,140	26,397	TBA	TBA	51,537
Strategic Capital Maintenance - (estimated)	3,397	TBA	TBA	TBA	3,397
Improvements to Targeted Early Help Hubs	300	340			640
Adults and Communities					
Libraries - reconfiguration of space (Oadby)	30	30			60
Libraries - reconfiguration of space (Blaby and Glenfield) - Subject to service review	80	80			160
Hinckley, The Trees - refurbishment/extension to accommodate Millfield Community Life Choices (CLC)	250				250
Melton LD Respite Service - refurbishment/extension to accommodate The Mount Community Life Choices (CLC)	150				150
Wigston, Carlton Drive Respite Service - refurbishment/extension to offer Community Life Choices (CLC)	150				150
Environment and Transport/Waste Management					
Ashby Canal	520	50	50	50	670
Chief Executives					
Loughborough Science Park Development	1,275				1,275
Corporate Resources					
ICT Resilience: Data Centre Reprovisioning	950				950
County Farms Estate - General Improvements	150	150	150	150	600
Industrial Properties Estate - General Improvements	250	250	250	250	1,000
Melton KE VII - Replacement Playing Fields - subject to business case	400				400
Corporate Programme					
Corporate Asset Investment Fund	1,500	5,000	5,000	3,500	15,000
Energy Strategy on Corporate Buildings - (Solar Panels, Biomass Boiler, heating/lighting controls)	900	1,320			2,220
County Hall Master Plan 1 - Modernisation of former Fire HQ to enable Registrars and Out of Hours Office and - ICT improvements to enable flexible working technology	1,500	1,260			2,760
County Hall Master Plan 2 - major works on end of life replacements	0	500	500	500	1,500
Total	36,942	35,377	5,950	4,450	82,719

The build-up excludes land purchase/settlements relating to Transport Schemes.

Appendix 3 – Industrial Portfolio and County Farms Estate

Industrial Estate

LPI Ref No	PI Description	Leicestershire Industrial Portfolio			Target 14/15
		11/12 Actual (Target)	12/13 Actual (Target)	13/14	
LPI 1	Attain Target Investment Rate of Return	14.28% v (6%)	9.58% v (6%)	11.43% V (6%)	6%
LPI 2	Attain the average market return on capital over the whole portfolio	2.82% v (13.5%)	-2.7% v (13.3%)	5.8% V (13.4%)	To be confirmed when market results available
LPI 3	Attain the average market net income return target	6.78% v (7.1%)	4.7% v (7.1%)	4.6% V (6.4%)	To be confirmed when market results available
LPI 4	Attain the average market yearly capital growth target	-3.96% v (6.3%)	-7.4% v (7.7%)	1.2 V (6.9%)	To be confirmed when market results available
LPI 5	Increase the average rent per square foot over the whole portfolio year on year.	£4.79 v (£4.19)	£4.06 v (£4.79)	£4.60 V (£4.06)	£4.60
LPI 6	Attain agreed voids target for Area and Rent. Area & Rent < 5%	A 15.9% R 17.04% V (<5%)	A14.8% R13.7% V (<5%)	20.75 20.82 V (<5%)	<5%
LPI 7	Attain unsecured 90 day debt target of < 5% Gross Income	3.36% v (<5%)	3.53% v (<5%)	3.56% V (<5%)	<5%
LPI 8	Increase revenue surplus per square foot year on year over the whole portfolio	£1.81 v (£1.53)	£1.12 v (£1.81)	£1.14 V (£1.12)	£1.14
LPI 9	Maintain management cost target below 15%	14.88% v <15%	16.13% v <15%	16.21% V <15%	<15%

County Farms

PI Ref No	PI Description	Leicestershire County Farms			Target 14/15
		11/12 Actual (Target)	12/13 Actual (Target)	13/14	
LPI 10	Attain Target Investment Rate of Return > 6%	12.74% v (> 6%)	11.88% v (> 6%)	10.06% V (>6%)	6%
LPI 11	Attain Savills average return on capital target over the whole portfolio	48.3% v (9.1%)	34.0% v (9.0%)	57.1% V (10.2%)	To be confirmed when market results available
LPI 12	Attain Savills average net income return target	4.3% v (> 1.8%)	6.8% v (> 1.3%)	3.8% V (>1.4%)	To be confirmed when market results available
LPI 13	Attain Savills average yearly growth target	44% v (> 7.3%)	27.3% v (> 7.3%)	53.3% V (>8.9%)	To be confirmed when market results available
LPI 14	Increase the average rent per acre over the whole of the portfolio year on year	£101.4 v (£96.94)	£107.74 v (£101.40)	£109.05 V (£107.74)	£109.05
LPI 15	Attain agreed voids target for Area and Rent.	A 0.023% R 2.56% v (< 5%)	A 0.004% R 0.003% v (< 5%)	A1.03% R1.72% V (<5%)	<5%
LPI 16	Attain unsecured 90 day debt target of < 5% Gross Income	3.09% v (< 5%)	2.19% v (< 5%)	4.25% V (>5%)	<5%
LPI 17	Attain target level of re-lettings to new entrants	0% v (0.96%)	1.3% v (0.96%)	0% V (1.3%)	To be confirmed when market results available
LPI 18	Increase revenue surplus per acre, year on year, over the whole portfolio	£41.49 v (£38.74)	£52.14 v (£41.49)	£54.68 V (£52.14)	£54.68
LPI 19	Maintain management cost target below 15%	9.4% v (< 15%)	6.58% v (< 15%)	3.75% v (<15%)	(<15%)



***Strategic Property Services
Asset Management Team
April 2015***