

NORTHUMBERLAND COUNTY COUNCIL



ASSET MANAGEMENT PLAN

2007

Asset Management Plan 2007

CHAPTER 1: STRATEGIC CONTEXT

1.1 Statement of Context:

1.1.1 Northumberland County Council recognises the importance of the strategic management of its property assets. Property must be used primarily to enable the most effective provision of services together with the achievement of strategic objectives, and this should be done in the most economical manner. The key role that asset management planning performs in driving forward the achievement of the Council's ambitions for improvements in service delivery is recognised and given the highest corporate importance.

1.1.2 The Council has adopted the following statement of purpose and objectives for holding property assets. These are linked to the Council's strategic aims and objectives: -

The statement of purpose:

"To manage property assets and the use of premises to ensure that they fully support the effective provision of services".

The objectives:

- To ensure the efficient, effective and sustainable use of land and buildings
- To minimise the opportunity cost of holding land and buildings and to protect the value of the Council's assets.
- To ensure that property assets contribute to the process of service improvement
- To provide innovative accommodation solutions to service needs
- To ensure the Council's property assets are 'fit for purpose'
- To ensure financial returns from investment and surplus properties are maximised in an appropriate manner in the context of securing the Council's wider objectives

Effective asset management is central to the delivery of the Council's strategic objectives.

1.1.3 The asset management plan will continue to be developed for the County Council and will provide a framework to ensure that the strategic management of the Council's assets represents an efficient and effective means of service provision and that investment in those assets is targeted, justifiable and represents value for money.

1.2 Key outcomes for the AMP 2007 – 2012:

Our capital asset portfolio has a replacement value of around £500m and estimated annual running costs of £14.7m. Clearly the range of property has significant implications both in capital and revenue terms on the Council's capacity to achieve its ambitions and priorities.

The maintenance backlog is currently estimated at £75m and a large proportion of the estate does not comply with statutory standards for public access. Maintenance budgets are inadequate to bring the portfolio up to the required standard: quite simply, the Council has more buildings than it can afford. The Council is actively looking at ways of divesting itself of assets and commissioning of residential homes from the private and voluntary sectors and the PFI scheme for the re-provision of community fire stations are examples of ways of doing this. In capital terms, the Council's key priority is the Putting the Learner First programme which includes an ambitious building programme costing an estimated £650m over the next 12 years. These projects require significant investment of the Council's own resources which needs to be underpinned by a significant programme of capital receipts.

1.2.1 The Council's asset management plan therefore aims to:

- Reduce the size of property portfolio by 30% by taking opportunities to re-provide and improve services through alternative means of service delivery
- Reduce office accommodation needs by 30% over the next 5 years by adopting different ways of working
- Pursue opportunities to move out of key properties which are expensive to run, represent high levels of maintenance liability, and/or would yield high value capital receipts
- Generate an estimated £90m from the sale of assets over the next 5 years to support the Council's key capital investment priority linked to the Putting the Learner First initiative
- Reduce annual property running costs by £4.4m over the next 5 years to deliver efficiencies, improve delivery of value for money and make more resource for the Council's key priorities including

schools, vulnerable people, waste management and customer service.

- 1.2.2 Improving value for money and our approach to asset planning have enabled us to realign resources to support shared priorities as shown below, identifying what is important to the Council in supporting the Community Strategy and confirmed in the medium term strategy.
- 1.2.3 The Council has embarked on a major initiative, Project WorkWell, which will deliver significant change in working practices to allow for better use of rationalised accommodation. This bold project seeks to progress with an initiative which combines the required property rationalisation savings with the achievement of an improvement to service delivery within the natural communities agenda.

1.3 Corporate Strategy and Delivery

- 1.3.1 Since the publication of the Local Government Act 2000 the Council has had a duty to prepare a Community Strategy for Northumberland. The purpose of this is to ensure that the activities of the various bodies that provide public services are co-ordinated and are responsive to the needs and concerns of local communities. In Northumberland the Community Strategy has been prepared on behalf of the Council by the Northumberland Strategic Partnership. The first Community Strategy was prepared in 2002 and has recently been updated and revised.
- 1.3.2 The Community Strategy sets out a ten year vision for Northumberland and defines the shared ambitions of partners for the County. The Community Strategy was prepared with extensive consultation throughout Northumberland and the consultation process was agreed with partners in advance to ensure an inclusive approach. Within the context of 2 tiers of local government, the Strategy has been progressed as a vehicle which would allow the district LSP strategies to nest within the Northumberland Strategy. The shared ambitions have provided the basis for the development of the Northumberland Local Area Agreement (LAA) which defines how we will work together to deliver the vision and ambitions of the Community Strategy. The LAA is the responsibility of the Council, as is the Community Strategy, and it is also co-ordinated through the Northumberland Strategic Partnership.
- 1.3.3 To support the wider ambitions of partners the Council has set out its own vision for the County. This defines the type of organisation the Council needs to be to enable it to make a full and effective contribution to the delivery of the Community Strategy and the LAA. The vision encompasses the Council's aspirations to provide excellent services, to be an exemplary employer and to listen and respond to what local people and communities have to say.
- 1.3.4 The Council's Strategic Statement generally covers a four year planning period and identifies the Council's key priorities and what it wants to

achieve over that period. The Council prepared a Strategic Statement at the time of the last Council elections in 2005, setting out the ambitions for the period until the next election due in 2009. The key themes were expressed as:

- **Supporting the building blocks of Life; Families, Children and Young people** “Putting the Learner First” and the establishment of a Families and Children’s Trust are central to the Council’s ambitions to drive up standards for all pupils and provide better and more integrated support for parents, children and young people.
- **Taking Care; Helping People to Live in Healthy and Safe Communities** Key to this objective is to help older and disabled people live as independently as possible and enjoy a high quality of life. A priority is also to reduce the fear of crime and disorder to make neighbourhoods feel safer. Further priorities include promoting healthy lifestyles and ensuring there is a modern and efficient Fire and Rescue Service.
- **Achieving balance; developing our economy while protecting our environment** Here the Council’s priorities are to contribute to a vibrant economy in urban and rural areas of the County; to provide state of the art waste management facilities and to lobby and work to improve public transport and transportation links. The Council has also recognised the delicate balance between such developments and the need to protect Northumberland’s environment.
- **Serving our Customers well; Delivering better services for local communities** This underlines the Strategic Statement’s other themes and the Council’s ambitions to achieve CPA excellence. It emphasises the importance of responsive, customer-focussed and value for money services and a willingness to explore new and innovative ways of service delivery. Implicit in this theme is a clear desire to cut red tape and make the Council more open and accessible and in doing so to improve public perceptions of the organisation.

1.3.5 To coincide with the revision of the Community Strategy the Strategic Statement has recently been updated and is now structured around six cross-cutting themes which are shown in the box below together with the ambitious LAA stretch target areas.

- **Children and Young People**
 - Increase number of schools achieving Healthy School status
 - Reduce teenage conception rate
 - Improve Key Stage 2 attainment (south east Northumberland)
 - Reduce number of young people not in education, employment or training (NEET)
- **Health and Well Being**

- Increase number of mothers breastfeeding
- Reduce mortality rate by circulatory disease in people aged under 75 years
- **Business and Enterprise**
 - Increase the employment rate
 - Number of new businesses starting and surviving 12 months
- **Safer and Stronger Communities**
 - Reduce volume crime
 - Reduce fear of anti-social behaviour and alcohol related disorder
 - Enhance the quality, effectiveness and efficiency of local authority service delivery
- **Environment**
 - Increase capacity of electricity generated from renewable resources
 - Culture and Tourism

1.3.6 These cross-cutting themes align with the Northumberland Strategic Partnership Sector Boards which drive the Community Strategy and LAA. Constructing the Statement in this way clarifies how the Council contributes corporately to partnership working and allows all services to understand its contribution.

1.3.7 Clearly not every aspect of our services can contribute directly to the Community Strategy but it is important that our key priorities align with those of our partners. For each sector board theme the Council has prepared a summary policy statement which sets out the key challenges it is facing, what it has achieved and what it wants to achieve over the next 4 years.

1.3.8 Competing demands and limited resources require difficult choices and the Council manages its response to the challenges faced through its Medium Term Strategy and Financial Plan (MTS).

1.3.9 This is a policy, financial planning and budget-setting process which is designed to ensure that the Council's policies, priorities and spending demands are balanced against available resources, in a way which maximises the achievement of the Council's objectives while achieving best value for local tax payers.

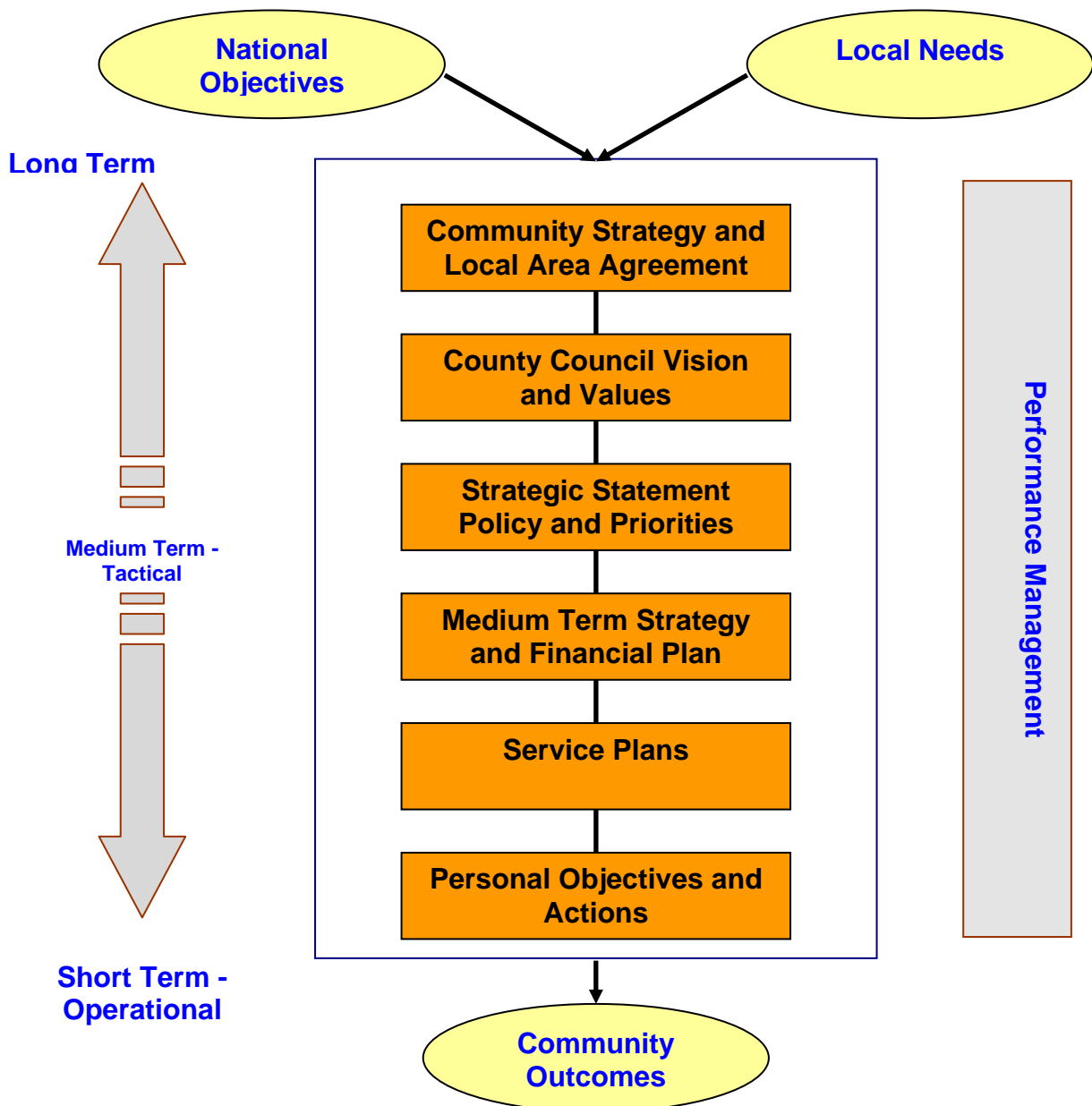
1.3.10 The MTS process covers a four-year planning period, and provides a framework for:

- The identification of likely future spending demands and available sources of finance
- The determination of policies and priorities and budget preparation

- Budget preparation and the evaluation of options for “balancing the books”

1.3.11 The MTS is subject to wide consultation with stakeholders and the wider public during its preparation and this culminates in the County Council meeting in February each year to agree the four year MTS and annual budget.

Elements of the Corporate Planning Process



1.3.12 In confirming the medium term strategy and setting the budget for 2007/08 the Council confirmed its mid-term review of the Strategic

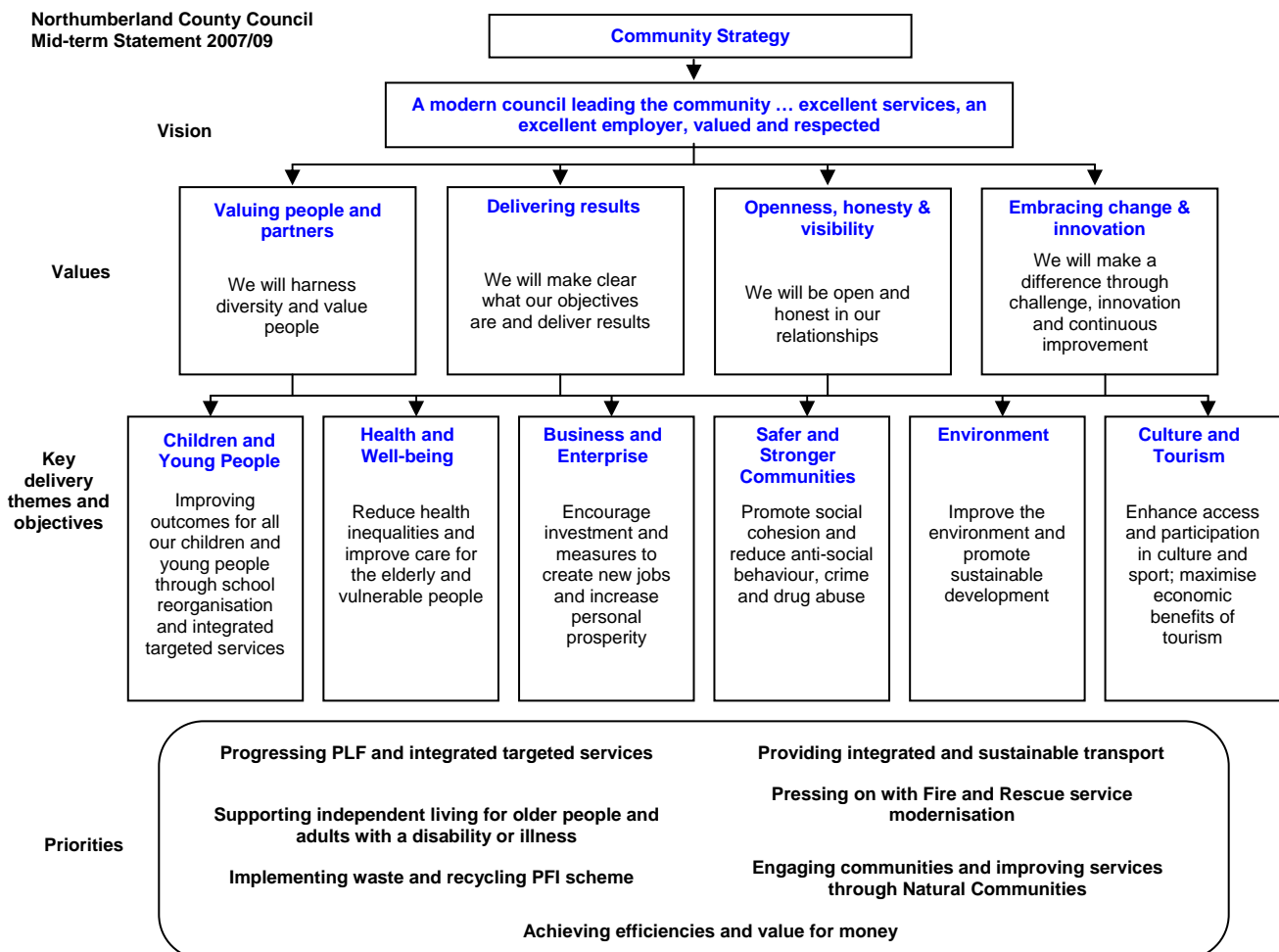
Statement as set out in the corporate policy framework below, which also highlights the immediate priorities. Two priority areas stand out:

a) Putting the Learner First (PLF) is the Council's top priority. The Council adopted its strategy in 2005 to address three key issues

- education attainment standards, particularly at Key Stage 2
- surplus places
- condition of schools

The Council has continued to progress the strategy, despite the disappointment of not being included in the early stages of the Government's Building Schools for the Future (BSF) programme. This has required significant capital investment, including prudential borrowing, and revenue investment to support a dedicated implementation team.

b) Modernisation. Priority has been given to modernisation of Council services such as day care services, PFI schemes for waste management and community fire stations to support the Northumberland Fire and Rescue Service's changing role. The broad modernisation agenda also encompasses the way the Council will engage with communities and improve services.



1.3.13 As well as concentrating on priorities, the Council has also been clear about defining lesser priority areas in terms of investment. Principally, this has meant less investment in libraries and highways. There has been no revenue growth in highways although capital investment has increased. This has enabled the Council to keep focus on strategically important developments such as the recently completed Pegswood By Pass and scheduling of the Morpeth Northern Link Road for 2009/10, the final stage in linking the business parks in Wansbeck to the A1 while reducing traffic through Morpeth and Pegswood. Historically the Libraries Service has offered relatively short opening hours in poorly maintained buildings. Plans for the future of the Libraries Service, shaped through extensive community engagement, with the focus on improved service delivery from fewer libraries has recently been agreed and coincides with the Local Government User Satisfaction Survey showing satisfaction with our libraries increasing from 61% to 72%, improving the bottom quartile score to second quartile. Both services demonstrate retention of strategic focus on services which are not highest priority in investment terms.

1.3.14 The Council has supported investment in priority areas through efficiencies (delivering over £20m in cashable efficiencies in the period 2004 – 2008) while at the same time restricting council tax increases to less than current rates of inflation. The Council engaged consultancy support to identify process efficiencies in major service directorates and to review central service directorates to release resource from back office functions to front line services.

1.4 Organisational arrangements:

1.4.1 The role of the Corporate Property Officer:

The Head of Asset Management, a senior manager within the Finance Directorate, is designated as the Corporate Property Officer. Specific responsibilities include: -

- To develop the Corporate Asset Management Plan
- To deliver the Councils property objectives
- To drive forward all required developments in asset management
- To co-ordinate the corporate asset management process
- To promote strategic corporate property management
- To review and challenge the use of property in consultation with service directorates and stakeholders
- To develop and implement property performance measurement and to manage the corporate property database

- To develop and implement processes for improved property Management
- To manage the surplus property disposal programme

The Corporate Property Officer reports to the Corporate Asset and Resources Group (CARGO), which is the Council's strategic decision-making officer group for asset management and capital investment, and is the Lead officer for the Council's innovative 'Project Workwell'.

The Corporate Property Officer is directly involved in the work of the Directorate Management Group, the Corporate Senior Management Group and is a member of the national local government property associations COPROP and ACES. The Council is also a member of the IPF Asset Planning Network.

1.4.2 A corporate working group, the Asset Management Working Group (AMWG), now meets on a monthly basis to coordinate a programme of work for the development of the property asset management plan. The AMWG is chaired by the Corporate Property Officer.

1.4.3 Liaison officers from within the Asset Management Division are assigned to each service directorate to work closely with them to promote good communication and working practices with client departments in the development and implementation of their asset plans.

1.4.4 The role of Elected Members in Asset Management:

The Head of Asset Management (Corporate Property Officer) reports progress to the Executive Member for Corporate Services on a monthly basis and through the Management Board and Executive when strategic decisions are required. Decisions taken by the Executive are ratified through the Scrutiny process. The Management Board and Executive receive reports from the Corporate Property Officer and are consulted on the development of asset management planning within the authority.

A joint officer/member Property Working Group of the Strategic Services Overview and Scrutiny Committee has also been established to further enhance Member involvement in key asset management initiatives with the following terms of reference.

- To consider the findings and recommendations of the Corporate Asset Management Planning Working Group.
- To consider asset management improvement targets.
- To oversee the implementation of the approved strategy for dealing with backlog maintenance.

- d. To challenge the retention of existing assets, particularly those with high opportunity value and those of high liability.
- e. To consider and monitor the generation of capital receipts in the context of the delivering the councils capital programme.
- f. To submit reports to the Strategic Services Overview and Scrutiny Committee with a view to making appropriate recommendations to Executive.

1.5 Overview of the current portfolio

1.5.1 Although in geographical terms Northumberland is the sixth largest County it has a relatively small property asset base primarily focussed on direct service delivery. The Council has in total 471 fixed and non fixed operational and non-operational capital assets as defined by CIPFA and the Royal Institution of Chartered Surveyors (RICS) with a net book value of £492,407,000.

1.5.2 The operational estate comprises fixed assets held, occupied and used in the direct delivery of services for which the Council has a statutory or discretionary responsibility; i.e.: -

- Schools and other Education-related property
- Libraries
- Fire stations
- Residential homes, day centres and other Social Services-related property
- Highways depots
- Office and administrative buildings
- Reclamation sites
- Community assets (e.g. Gypsy Sites)
- Magistrates Courts

The Council also has a retained a share interest, along with other North East Local Authorities, in Newcastle International Airport Ltd.

1.5.3 A record of each asset is held on the Council's computerised Asset Register, which contains the following information: -

- Asset category (operational, non operational and community)
- Description of asset
- Asset type (property, land, surplus property, investment property etc.)
- Address
- Unique property reference number
- Asset function (first school, social services home, fire station etc.)
- Value of the asset

- Valuation method (open market value/non specialist; DRC/specialist)
- Depreciation type
- Type of legal interest
- Reason for valuation (1st valuation, periodic review etc.)
- Residual value
- Estimated useful life
- Date of next valuation
- Components of asset (including tenure)
- Annual capital charge

1.5.4 Information on Assets Held:

Tangible fixed assets owned or partially owned by the Council include the following:

Operational Buildings	2007	Operational Buildings (continued)	2007
Administration Offices	2	Social Services Area Offices	9
First and Nursery Schools	93	Social Services Homes & Hostels	17
Middle Schools	34	Adult Training Centres	6
High Schools	14	Children's Homes	8
Special Schools	8	Day Centres/Sure Start	12
Other Education Related Property	8	Gypsy Sites	2
Reserved School Sites	2	Factory/Industrial Units	2
School Playing Fields/Land (Detached)	39	Country Parks/Picnic Areas	8
Caretakers' Houses	12	Countryside Cycle Ways/ Bridleways/Railway	2
Pools	3	Car Park	1
Outdoor Pursuits	2	Derelict Land/Reclamation Sites	58
Early Years Excellence Centre	1	Waste Transfer Station	10
Careers Office	1	Other/Surplus Properties	44
Educational Boarding	1	Land held prior to development	2
Establishments	6	Vacant Education Properties	1
Youth and Community Libraries	25	Strategic Land Holdings	2
Arts Centre (Queen's Hall)	1		
County Records Office	1		
Reserved Library Site	1		
Library Garage	1		
Fire Stations	20		
Highways Depots	11		

CHAPTER 2: DELIVERING THE NEW AGENDA

2.1 A review of performance against asset management competencies was undertaken in 2006 in conjunction with work undertaken by Robson Rhodes considering the soft market testing of property services. It was acknowledged that the Council had weaknesses in the following areas:

- The quality of property related data was poor.
- Deficiencies in the data system employed to manage and monitor property performance.
- Uncertainty about value for money achieved.
- Lack of strategic control over backlog maintenance.
- Inadequate and dispersed budgets.
- The property portfolio is at an unsustainable level.
- Improvements required in governance and accountability.

2.2 In order to drive forward progress the Corporate Asset Management Working Group was formed and the following series of key improvement issues have been identified. An implementation programme (coordinated by the Corporate Asset Management Working Group) to address these issues is underway.

- Procure surveys to establish true condition/suitability/sufficiency of our assets.
- Ensure budget arrangements which allow compliance with legislation/statutory requirements.
- Develop an IT system to ensure consistency/efficiency/availability of data upon which to base decisions.
- Drive forward service and asset planning to define future investment needs.
- Review existing asset base and challenge.
- Implement use of key Property Performance Indicators and set improvement targets.
- Establish the 'sustainable portfolio level' and devise a strategy to address weaknesses.
- Limit future liabilities by informed decision making.
- Review and ensure value for money from component and contract procurement.
- Reduce property related costs by challenging efficiency targets as part of a Corporate Accommodation Strategy.

- Review and report on compliance with DDA.
- Review and evaluate the success of projects in both delivery and outcomes.

Each key improvement area is covered in more detail in **Appendix A**.

2.3 Current performance and asset management key targets

2.3.1 Project Workwell

Recognising the significance of the strain placed on the portfolio by an unsustainable number of assets, and the need to demonstrate all aspects of sound asset management, a series of challenging targets have been developed. The targets have been endorsed by the Council's Management Board and provide the backbone against which to challenge the retention and expansion of property assets. All new investment in assets and the retention of existing assets now needs to demonstrate how these targets will be met. The targets themselves are based on evidence of national good practice and take into account the councils current level of performance (see Appendix A section 6)

Set out below are the adopted targets and anticipated outcomes. The targets are deliberately challenging with the intention of driving forward a radical shake up of the current portfolio, to arrive at an estate which is sustainable, appropriate, forward thinking and adequate for service needs. Radical changes in working practices and ways of delivering services will be required and it is recognised that this requires the full support and commitment of Members, Management Board and 'buy in' from all staff.

This project or initiative is now known as ***Project Workwell***.

Key Targets

a) Rationalisation of the portfolio:

- Reduce the operational portfolio by 30% within 5 years
- Rationalise space usage in all admin buildings by 30% within 5 years
- Reduce number of non-operational assets by 100% within 5 years

Consequences:

- Premises costs savings of £4.4 million pa.

- Capital receipts of approx. £90 million over 5 years
- Reduction in backlog maintenance of £22.5 million (based on current assumption of £75 mil backlog) within 5 years
- After 5 years investment in the retained estate potentially at a sustainable level to maintain a standstill position for condition based on current budget levels and current prices (however this does not tackle the remaining backlog)

b) Buildings 'fit for purpose':

- Improve the condition of all assets by removing all priority level 1 & 2 works. Current evidence suggests that £20million pa of capital investment will address 7.5% of total backlog maintenance. At this rate of investment it would take 15 years to address priority level 1 and 2 works on a reduced portfolio.
- Increase DDA compliance to 100% of the non-schools estate by undertaking Priority A adaptations within 3 years.
- Increase DDA compliance to 100% of the schools estate by undertaking Priority A adaptations within 5 years.
- Achieve fit for purpose status on 100% of all non schools assets to be category A or B for suitability and sufficiency within 5 years and schools within 15 years.

(Please see Appendix D for details of the category definitions)

Consequences:

- Investment required enabling compliance of £592,000 for non-schools and at a rate of £500,000 per year over 5 years for the schools estate.
- Reduced risk of prosecution.
- Improved accessibility for customers.
- Suitable and appropriate assets to support service improvement.

c) Value for money:

- Increase value for money ratios on capital investment in assets by 10%.
- Deliver 95% of all building projects on time and on budget within 3 years.

Consequences:

- At an assumed investment of £20 million pa, an additional £2m of capital investment value should be achieved (Robson Rhodes).
- Improved customer satisfaction, capital planning and greater budget certainty.

2.3.2 The targets have provided the backbone for **Project WorkWell** aiming to deliver these targets within a robust asset rationalisation framework. Much progress has been made within the first quarter of 2007 to drive forward the initiative to meet the set objectives. In February, Management Board received and agreed a further report giving greater detail of how property rationalisation will be achieved. The report also looked specifically at the issue of Council office rationalisation.

Workwell is a major undertaking for the Council, seeking to progress an initiative which combines the required property savings with the maintenance of, and improvement to service delivery, within the natural communities agenda.

2.3.3 External support has now been secured, to work alongside Head of Asset Management to provide appropriate capacity, skill and experience to enable the project arrangements to be driven forward.

Recognising the need to get members and managers 'on board' and signed up to achieving what will be significant changes to the way the Council works, considerable effort has been put into engagement with a series of presentations being made to senior and middle managers and members. These presentations have been very well received and there is a noticeable early enthusiasm for what the Workwell project aims to achieve.

2.3.4 Ongoing communication is vital to maintain momentum in any project of this scale and Workwell now has a headline presence on the Council's intranet site. It is intended that this will be used as an ongoing method of communication with Members and staff as the project progresses, along with regular updates through the Chief Executive's weekly briefing , the 'Team Brief', and face to face workshops and 'surgeries'.

2.3.5 As part of Workwell, the Council has now signed up to the Workwise Northeast Initiative. Work Wise North East aims to consign nine-to-five, five-days-a-week, working to history and to promote smarter working practices as a step towards creating 21st Century work places that are inclusive to people from all backgrounds and abilities. Mark Henderson, Chief Executive, signed the Workwise Northeast concordat in March, Northumberland County Council becoming the first Council nationally to demonstrate its commitment to making these changes.

2.3.6 Early key priorities for the project include:

a. Office accommodation rationalisation:

- Initial priority focused on the 2 main administrative headquarters of County Hall and Hepscott Park in order to release Hepscott Park.
- Working with service directorates to look at business processes and how they might work differently in the future making them less asset dependant.
- Changes in Alnwick with the transfer from outdated and inappropriate accommodation at Green Batt to a purpose built facility at Greensfield on a rationalised space basis.
- Development of policies and procedures for HR, ICT and Facilities to support Workwell

b. Targeted asset release:

- A prioritised list of assets has been drawn together and geographic reviews have been undertaken to identify those assets which represent significant liabilities and or potential capital receipts and which are capable of early release.
- Cross directorate involvement in identifying ways of delivering services differently.
- Challenge to retention of existing assets in accordance with the prioritised list.
- Agree a mechanism for work with Members to consider asset use within their locality.

c. Review of leasehold assets:

- All assets leased to and by the Council identified and reviewed.
- Analysis of lease terms identifying opportunities to rationalise and or early revenue savings and scheduling future possibilities.
- Consideration of strategies to deal with longstanding dilapidation problems.
- Evaluation of potential investment disposals.

d. Capital generation:

- Review methods of sale and contract to identify possible efficiencies and benefits.

- Review ability to release assets in line with the prioritised lists.
- Delivery of capital receipts, impact of third parties and planning issues.
- Cost/benefit analysis of asset release.

In June 2007, the Workwell Project Board endorsed the initial recommendations which will now, subject to funding, see the project progress to the delivery stage.

2.3.7 Sustainable buildings:

The Council recognises that climate change is one of the major factors affecting society and understands the need to improve the performance of our assets to contribute to this agenda.

The Council signed the Nottingham Declaration on Climate Change in December 2005. To date 230 of the 380 local authorities in England have signed the Nottingham Declaration. All District Councils in Northumberland have either signed or are likely to sign in the near future.

The Nottingham Declaration commits an authority, within two years of signing, to develop plans with partners and local communities to progressively address the causes and the impacts of climate change, according to local priorities. In Northumberland this work is progressing through a multi-faceted approach. The Council is currently reviewing opportunities to provide climate change mitigation and maximise climate change adaptation in the management of the Council's estate and in the Council's wider role as a service provider and community leader.

2.3.8 To drive this agenda forward the Council has recently agreed that the impact of the Council's own activities on the environment and opportunities for improving performance are identified and an action plan is being drawn up to target areas of change. The targets set will then provide the basis for component and contract specification within the strategic design framework and closely linked with the use of whole life costing methods of project appraisal.

2.3.9 In addition the Council is mindful of the findings of the Energy White Paper published in May 2007 and will be considering how the Council complies with its recommendations on such issues as the need for Energy Performance Certificates in its buildings.

2.3.10 Recognising that a considerable proportion of the Council's capital investment is in schools through the PLF project, the design and build team are currently investigating ways in which the new schools in the

Cramlington partnership can achieve BREEAM ratings of 'very good'. In addition the Council continues to work closely with the main construction partner (Gleeson Buildings Ltd), who as part of the Considerate Contractors Scheme is independently inspected on issues of energy, waste and noise pollution.

CHAPTER 3: CAPITAL INVESTMENT AND RESOURCES CAPITAL STRATEGY 2007/8

3.1 CONTEXT

Northumberland County Council recognises that the effective use of the Council's capital resources is fundamental to achieving the Council's vision and corporate priorities, and therefore has produced an up to date capital strategy and asset management plan covering the period 2007 -2011 seeking to deliver the strategic objectives set out in the Council's "Mid-Term Statement" which updates the Strategic Statement 2005/09.

The purpose of the capital strategy is to show how capital investment contributes to achievement of the Council's key objectives, pulling together the strategic capital requirements of service strategies, determining priorities and looking for opportunities of cross-cutting, joined up investment.

3.2 BUDGET

3.2.1 Background

As already stated, the Capital Strategy reflects the Council's top priorities for the period 2007-2011, and it is also based on thorough consultation and inclusion of the residents of Northumberland. Key areas of capital expenditure include the following:

- Putting the Learner First programme (Cramlington, Blyth);
- Other Education schemes, including Sure Start, Devolved Formula Capital;
- Local Transport Programme;
- Backlog maintenance;
- Fire Service modernisation/PFI;
- Adult Services modernisation;
- Local Improvement Programme.

The creation of the programme is subject to the corporate governance arrangements existing within the Council – namely the Corporate Strategic Planning Framework, project management framework, capital appraisal framework and risk management strategy. Additionally the Council continues to use its procurement strategy as a means of achieving best value.

The introduction of the Prudential Framework in 2004/05 has created greater flexibility for funding capital programmes. The Council now has the freedom to borrow within a self-managed prudential framework provided it operates within agreed prudential indicators. In considering its programme for capital investment, the Council is required within the Prudential Code to have regard to:

- Affordability, e.g. implications for Council Tax;
- Prudence and sustainability, e.g. implications for external borrowing;
- Value for money, e.g. option appraisal;
- Stewardship of assets, e.g. asset management planning;
- Service objectives, e.g. strategic planning for the authority;
- Practicality, e.g. achievability of the forward plan.

A key measure of affordability is the impact on the Council Tax, and the Council could consider different options for its capital investment programme in relation to their impact on the Council Tax.

The Prudential Code has resulted in a major change to the funding arrangements for capital expenditure. Under the new arrangements capital can be described as “supported”, but this does not mean it is fully funded, and hence it does still have an impact upon Council Tax levels. Therefore, before submitting bids for supported capital an assessment of overall affordability is required. This is achieved by requiring the submission of such bids to CARGO.

The level of resources anticipated to be available over the medium term has been estimated to be of the order of £160 million, as detailed in the report to Council in February 2007. The capital receipts include the sale of several significant County Council owned sites, which will be subject to planning approval and other factors beyond the County Council’s control. It is usual for certain schemes to be held back against these receipts until they are actually realised, thus enabling greater programming confidence. Further, meetings of the Risk Assessment Panel are normally arranged in order to assess the extent to which these anticipated receipts will be capable of actually being realised. If necessary CARGO may have to reassess the position and suggest amendments to the proposed programme for consideration by the Executive.

The annually suggested programme deliberately includes an element of “over-programming” in order that sufficient preparations are made to hopefully be able to use all of the available resources during the course of the financial

year, and manage and accommodate slippage which might arise, often for reasons out with the Council's direct control. The programme will then be subject to continual review and updating in order to achieve a balanced capital programme.

The programme reflects the priority of the Council in relation to the Putting the Learner First Initiative which will require sustained investment over a prolonged period. The first two partnerships (Cramlington and Blyth) have a proposed funding strategy in place which includes a reduction in the size of the Local Transport Programme, and additional borrowing under the Prudential Code. The additional costs of borrowing will be covered by efficiency and other savings and will therefore not impact upon the level of Council Tax.

The Council has been unsuccessful in bidding for Targeted Capital for Schools in the past but will continue to submit bids for nationally available funding to assist in the delivery of the ambitious redevelopment programme. The programme for future schools Partnerships will be dependent upon future successful bids for national funding, including for example for "Academies", and capital receipts. The Council has marketed land for potential future development in the South West Sector of Cramlington. A significant capital receipt may be obtainable in 2008/9, subject to obtaining planning permission. If successful this receipt will be used to advance plans for the Ashington and Seaton Valley Partnerships.

The programme includes the use of the resources that go directly to schools in the form of Devolved Formula Capital grant. It is hoped that during the course of the years in the medium term period the deployment of this resource will be agreed with schools in order to be complementary to the County Council's proposed Putting the Learner First programme.

The LTP is covered by supported borrowing but affordability needs to be considered before the programme is agreed. For each financial year, details of the intended LTP programmes of work are the subject of consultations with Area Committees – final recommendations are then subsequently presented to the Executive for approval.

3.2.2 Resources and key areas of capital expenditure

Given the extent of the Council's identified future investment needs, the Council has to take a robust and rigorous approach to the management of its capital and assets in order to deliver its objectives. The Asset Management Plan demonstrates the approach taken to asset management. As far as funding is concerned the Council seeks to utilise all forms of funding, including external grants/contributions, borrowing, capital receipts and revenue resources. The Council generates its own capital resources through the sale of surplus land and buildings. The existence of capital receipts enables the

Council to enhance its capital programme. Through the Asset Management Plan the Council seeks to maximise capital receipts through a rolling programme of asset review and challenge resulting in a medium term receipts programme aligned to the capital investment profile. The Council is also currently considering the merits of the City Region proposal for a Property Regeneration Partnership with other key local authorities in the region.

3.2.3 Indicative capital programme

<u>Capital Receipts</u>	<u>14,116</u>	<u>3,226</u>	<u>6,714</u>	<u>120</u>	
Total Funding	<u>55,474</u>	<u>44,979</u>	<u>32,828</u>	<u>26,232</u>	
Expenditure:					
<u>Putting The Learner First</u>	<u>10,149</u>	<u>23,600</u>	<u>8,630</u>	<u>615</u>	
<u>Other Education schemes</u>	<u>3,937</u>	<u>500</u>	<u>500</u>	<u>500</u>	
<u>Devolved Formula Capital</u>	<u>6,888</u>	<u>0</u>	<u>0</u>	<u>0</u>	
<u>Local Transport Programme</u>	<u>19,381</u>	<u>19,453</u>	<u>20,164</u>	<u>21,004</u>	
<u>Backlog Maintenance</u>	<u>700</u>	<u>1,500</u>	<u>1,500</u>	<u>1,500</u>	
<u>Other</u>	<u>16,396</u>	<u>1,440</u>	<u>1,290</u>	<u>1,290</u>	
Total Expenditure	<u>57,451</u>	<u>46,493</u>	<u>32,084</u>	<u>24,909</u>	
<i>Surplus(+)/Deficit(-)</i>	<i>-1,977</i>	<i>-1,514</i>	<i>744</i>	<i>1,323</i>	-1,424

3.3 CONSULTATION

Public consultation is fundamental in establishing the Council's corporate aims, and a wide range of consultation methods are used to inform decisions

about local development and priorities. The development of service plans and other key strategies and plans in support of the corporate aims also involve their own consultation processes, particularly with service users and key stakeholders.

Further consultation with key partners and the wider community guides the preparation of the strategic vision for the County and local community strategies.

The County Council has developed a programme to consult its residents on the budget and key priorities set out by the Council.

To get a wide cross section of views on the key principles and proposals, a number of activities take place annually:

- Three focus groups meet in early September drawn from the People's Panel – one for each 'characteristic' community (taken from the Natural Communities' model);
- Five focus groups are conducted with young people, older people, and people with disabilities, families, and voluntary and community groups;
- Town and Parish Councils are sent details of the budget proposals and are asked to submit any comments or views;
- Information is placed on the website with a designated email to capture views and feed back from both staff and residents;
- Presentations are made at Area Committee Meetings.

Services consult with staff, users and partners as appropriate to get views on specific proposals and issues.

3.4 KEY PARTNERS/PARTNERSHIP WORKING

Local Strategic Partnerships have been developed across the County, offering wider opportunities to improve joint working with District Councils and other partners on common priorities. This has now been strengthened through the Local Area Agreement (LAA) with resources dedicated/devolved for the purpose.

Capital activity on economic regeneration is focused on securing investment through One NorthEast, the Northumberland Strategic Partnership and European funding streams in conjunction with district councils and community partners to provide a physical infrastructure to support the creation and maintenance of jobs in Northumberland. Recent examples include the Northumberland Business Park, the Hadrian Industrial Site at Haltwhistle and the workspace incubation facility in Berwick. Feasibility work is being carried out for potential future projects including the biotech park at Cramlington, an industrial site in Prudhoe and the Business Incubation Centre in Cramlington.

3.5 PROCESSES

3.5.1 Background

The system for the development, management, monitoring and evaluation of the Capital Strategy, the Asset Management Plan and the entire Capital Programme is initiated through the Capital Asset and Resources Group of Officers (CARGO) made up of representatives from Services, Property, Finance and Policy Directorates, and chaired by the Head of Corporate Performance. Recommendations are made annually to the Management Board in time for the Medium Term Strategy/Budget setting cycle. The work of the group involves:

- ensuring programmes/projects are linked to the Corporate Aims and Priorities and Service Plans;
- undertaking the corporate prioritisation of service proposals;
- monitoring the agreed capital programme;
- monitoring outputs sought, evaluation of project and Asset Management Plan development feedback, evaluation of benchmarking results and setting of new targets.

Progress on all major projects and programmes is reported monthly in budget monitoring reports which are circulated to Members and Chief Officers and posted on the website, and on a quarterly basis, to the Executive. An annual report is produced which reflects progress on programmes, key performance indicators, efficiency savings targets and other performance indicators are monitored and presented to the above to demonstrate achievement. Liaison meetings are held with each service area to monitor and review progress on project detail.

Through benchmarking against other authorities, comparison is made on property/service management, use, and delivery benchmarks. Benchmarking mechanisms are being used to target properties of concern for condition/suitability purposes requiring fuller review, aligned to operational considerations.

3.5.2 Business cases

Through the annual planning process, capital (and revenue) schemes are identified for each service. In order for the schemes to be prioritised, considered, approved and ultimately implemented a business case is required.

This process has been developed in order to ensure that all developments within the Authority are fully costed, and are agreed as such by the Director of Finance, before they are submitted to the Executive and County Council.

Where developments cost £100,000 or more, all relevant internal specialists need to be consulted and they are required to “sign off” the Business Case before it is submitted, e.g. legal, finance, procurement, IT.

The level of detail required is less for schemes with: -

- Pre-existing budget approval;
- A value of less than £100,000.

A proportionate approach is taken to business cases. Initially only an Initial Project Outline is required, with a Detailed Project Analysis following on once approval has been given to commit to the full feasibility study for the project. Where a project then gets approval for implementation, arrangements should then be put in place for a Post Implementation Review which evaluates the success of the completed project overall and provides a basis for continuous improvement.

3.5.3 Risk Appraisal

The Risk Appraisal Process is designed to identify the risk to the Council of participating in a project. It is not a substitute for considering whether or not the project achieves the Council’s objectives. The two processes are seen as complimentary.

In general terms the type of appraisal process will depend upon the likely cost of the project together with the reasonably quantifiable risks associated with the project, in other words the amount the Council would prudently need to set aside to cover the expected and potential costs.

In assessing the potential costs to cover risks, those involved in sponsoring projects are expected to use their expertise in judging what is reasonable.

Each Risk Appraisal Panel comprises relevant Executive Members and Officers, selected by the Deputy Leader. The Panel is chaired by the Deputy Leader or his nominee.

The Risk Appraisal Panel is tasked with making recommendations as to whether the Council’s involvement in a project is an acceptable risk or not and may recommend conditions or further action.

3.5.4 Procurement and partnering

Our current building design partnering arrangements come to an end as of March 2008, including the contract with “Northumberland Alliance” led by Waring and Netts architectural practice. The “Northumberland Alliance” provides a variety of property design services to the Council and consists of partners providing Architectural services, Quantity Surveyors, Project

Management and Costs consultants, Structural Engineers, Mechanical and Electrical Engineers.

In addition the Council has a number of framework partners to deliver our construction projects; this also includes major design and construction projects, involving a variety of Construction providers for projects ranging between £25k to £500k, and £500k or more.

A major procurement exercise is underway to re-procure property service partners during the course of 2007 in order that new arrangements will be in place for March 2008 for a design and construction partner.

Advice and assistance is given to schools for their investment in premises.

Option appraisal/business case examinations are carried out for project selection.

The Management Board and CARGO play roles in co-ordinating property strategy, programmes and budgets, permitting a complete corporate overview to help harness all external funding sources (e.g. Lottery, and EU), and partnership arrangements (e.g. Sure Start, Early Years, Joint Learning Disabilities and Mental Health Teams). Opportunities to develop joined-up projects and access funding have and will continue to be pursued.

Bids to all known and new funding sources will continue to be made and initiatives such as 'Building Schools for the Future' will be pursued in keeping with the Authority's objectives. Close working links with schools are being further developed to maximise the benefit of Devolved Capital, Seed Challenge and the Authority's funding. CARGO members ensure that proposed applications fit within Council priorities.

Replacement through redevelopment will also continue to be pursued where possible and linked with partners' needs.

The Authority considers PFI as one of a range of funding mechanisms to tackle service requirements and property needs in addition to the more conventional sources of funding.

3.5.5 Prioritisation method

Option appraisal to direct the emphasis for investment and to prioritise capital projects best placed to deliver the corporate aims and priorities is carried out during the annual budget process. A timetabled process for this, supported by the Capital Strategy, has been adopted by the Executive. Linked to this a corporate project prioritisation mechanism has been developed:-

- containing direct links to the corporate aims, corporate priorities and Service Plans;

- embracing all relevant factors including partnership and cross cutting working;
- requiring a business plan type appraisal – including revenue consideration and whole life costing.

It is appropriate that, when faced with a number of competing projects of various types, and limited resources, that a selection/appraisal method based on the relative merits of each project is used. All projects seeking inclusion in the Capital Programme are therefore subjected to a Project Appraisal process that is based on a sound rationale which reflects corporate and service priorities.

The basis for assessment is the award of points for different aspects of the project. Projects are scored for: -

- Fit with Policy;**
- Revenue Implications** (scores are used to take account of revenue costs/savings for each scheme);
- Financial Leverage** (projects are scored in relation to their ability to attract external funding);
- Inescapability** Additional reasons for the need to include a project in the Capital Programme, e.g.:
 - New legislation;
 - Demography;
 - Health and Safety Officer Recommendation;
 - Fire Officer Recommendation;
 - Requirement of the Disability Discrimination Act;
 - Registration & Inspection Unit Recommendation;
 - Equal Opportunities;
 - Project will ensure that Northumberland County Council meets its statutory responsibilities;
 - Building Condition - ensure that a property is fit for its purpose.

(N.B. This list is by no means exhaustive.)

The capital programme extends to 4 years and as previously mentioned includes an element of over programming. New or residual funding will be directed to the highest priorities or alternative means of service delivery will be sought. All unfunded projects will be re-examined in subsequent budget rounds. The prioritisation system will continue to be reviewed to reflect policy adjustments arising from the modernisation process and from operational experience.

3.5.6 Devolved Formula Capital

A significant proportion of resources available to address the needs in the school estate are allocated to schools by way of Devolved Formula Capital

allocations. In addition to this the Council maintains some central capital resources to assist schools in asset management planning.

The Children's Services Directorate's "The Asset Management Strategy for Schools 2006-2009" sets out how Devolved Formula Capital should be allocated to schemes which address the needs outlined in the school level asset management plan. To facilitate this, the Council will provide detailed information on each school's priorities and assist schools in the development of their capital investment programmes.

Further details of the Council's approach to Devolved Formula Capital appear in **Appendix B**

3.5.7 Children's Services Directorate Strategic Priorities

The strategic priorities for school capital investment for the future are outlined in the Children's Services Directorate's "The Asset Management Strategy for Schools 2006-2009". (More details attached as **Appendix C**)

a) Putting the Learner First

Northumberland maintains a 'three-tier' system of first schools, middle schools and high schools across the whole county, something it has in common with only two other local education authorities in England. The council believes that one of the key barriers to pupils achieving their full potential is the current three tier system.

Another barrier is the quality of our school buildings. Not only do they have a high backlog of repairs and maintenance issues, many of our schools are also unsuitable to deliver a modern curriculum or to provide extended services to children and their families.

Like many areas in the country the school age population of Northumberland is rapidly falling, particularly in the rural areas, with surplus places projected to be almost 6000 by 2009. Addressing the level of surplus places is a strategic issue for the Council.

The key objectives identified are:

- Raising the educational attainment of pupils particularly at Key Stage Two and at GCSE:
- Strategically reorganising schools to address surplus places and location issues: and
- Modernising the teaching and learning environments in our schools.

3.5.8 Performance measurement and monitoring

To maintain good practice it is essential not only to monitor progress on implementation of all capital schemes but to evaluate the schemes success in meeting its objectives once it is completed.

Post Project Evaluation acts as an indicator of performance, not necessarily to put things right (although sometimes this may be possible), but to improve the approach for the future.

A structured process ensures consistency of approach and leads to ongoing improvement. The following steps are followed:-

- Representative samples of all projects, chosen by CARGO at project approval stage, are subject to formal post project evaluation.

- Post Project Evaluation (PPE) occurs once the project has been fully completed and used for the purpose intended. Review of the implementation process is carried out within a reasonable time, approximately 3-6 months after completion/use/occupation. It is recognised that a longer period may be required before it can be ascertained whether a scheme has met its service delivery objectives and indeed satisfied the end user. An outline of an appropriate timetable for PPE is set out in advance of the project;

- Common performance indicators are used to assess:
 - If the project has met the services objectives outlined in the business case;
 - If the contract was delivered effectively (on time/to budget);
 - If the process of project implementation was satisfactory;
 - What is the level of customer satisfaction with the process and the end product;

- An overall summary and conclusion is then prepared by the evaluation officer(s) setting out any recommendations for improvement;

- Finally, the Corporate Assets and Resources Group consider the report and propose any corrective action required to lead to

- Details of the current programme of post project evaluation are set out in **Appendix A** (section 12)

CHAPTER 4

New ways of delivering services

4.1 Recent achievements

The Council is committed to improving the quality and accessibility of services it delivers to the public and is constantly looking for new improved ways of achieving this. Below is a summary of some the recent improvements achieved in Northumberland:

- 4.1.1 Rationalisation of offices at Southgate Morpeth resulted in a cleared site for disposal with planning permission for residential development which generated a capital receipt of £4.5million pounds which was used to support the medium term capital plan.
- 4.1.2 The completion in September 2006 of the £15m 'Experience Northumberland at Woodhorn' project. This innovative project was based on the shared vision and collaboration of Northumberland County Council and Wansbeck District Council. It brings together the County Archives and the Woodhorn Colliery Mining Museum in a state of the art preservation environment to protect the valuable archive collection. It is located on the site of the Woodhorn Colliery and the project includes a dramatic new build archive and museum together with restoration of the listed mine buildings.
- It was funded using a combination of internal and external funding including a £10m Heritage Lottery Grant.
- 4.1.3 The development of Northumberland Business Park on 50 acres of County Council land at Cramlington, by way of a joint venture with OneNE.
- 4.1.4 Implementation of the Putting the Learner First schools reorganisation project in Cramlington to move from three to two tier education provision. The £26 million capital programme will raise education standards and remove surplus places.
- 4.1.5 The development of a £3.2 million managed workspace project in Berwick upon Tweed in partnership with the Borough Council, Business Link and OneNE. The project has been delivered following a detailed option appraisal and risk assessment and satisfies an identified local need.
- 4.1.6 Following a strategic review of the County Farms Estate a planned phase disposal programme is currently being implemented which to date has generated a capital receipt of £4.7 million which is being used to support the funding of the medium term capital plan.

- 4.1.7 Secured £3 million of Department of Health funding for the provision of a joint £7m Extra Care scheme at Prudhoe in partnership with Tynedale District Council and the Milecastle Housing Association.
- 4.1.8 Undertaking a strategic library review which is subject to public consultation which seeks to rationalise library provision to focus service delivery on the identified Natural Communities which will involve the transfer of assets to the community sector in line with the Governments Communities Taking Control Agenda.
- 4.1.9 SureStart in Wooler is being delivered through a property sharing initiative with the Fire Service resulting in the effective and efficient utilisation of surplus accommodation within the Fire Station.
- 4.1.10 The provision of new First schools at Seaton Delaval and Ponteland on a design and build procurement package which was delivered on time and within budget. The design of the schools would accommodate a possible move to two tier education provision through the PLF programme. Both projects removed out of date educational establishments which were not fit for purpose and in the case of the reprovision on Seaton Delaval First School resulted in the surrender of a leasehold interest with significant consequential revenue savings. The relocation of Ponteland First School onto part of the adjoining site has released a town centre development site which is currently on the market for sale. The capital receipt has been programmed to support the medium term capital plan.
- 4.1.11 As a consequence of adopting good asset management planning practices over the period 2004/05 – 2006/07 capital receipts of £12,508,000 have been generated together with estimated premises related running costs savings of £464,000 and a consequential reduction in backlog maintenance in the region of £2,321,600.
- 4.1.12 The implementation of a waste PFI following Business Case approval to deliver a sustainable waste management strategy which reduces the need and cost of traditional landfill and delivers a challenging community waste recycling target.
- 4.1.13 Following a comprehensive service review based on the Home Office Integrated Risk Management Plan model for the delivery of the Emergency Services a Fire Service PFI Scheme has recently passed outline business case approval stage. The PFI scheme will deliver a new divisional Fire Station at West Hartford Cramlington, a new Community Fire Station at Pegswood and will convert the existing Blyth Fire Station into a Community Fire Education Centre. The existing Headquarters site and Fire Station at Morpeth together with the Ashington Fire Station will be declared surplus to requirements. The capital receipts generated from the disposal of the surplus sites will be programmed to support the medium term capital plan.

4.2 Preparing for the future:

Throughout 2006 and 2007 considerable resource has been invested into working with Service Directorates in the context of Workwell objectives to identify the emerging property implications arising from each service delivery plan. This will enable improved prioritisation and more effective and efficient use of assets to support improved service delivery. It is also assisting to identify cross service property issues.

The number of key themes for the future are emerging from this exercise and have been central to the identification of priority work streams for Project WorkWell. The significant ones are now summarised below:-

4.2.1 Delivery of the Waste PFI to reduce the dependency on Landfill Sites

To facilitate the waste PFI will require the establishment of:-

- A County wide material recycling facility
- A network of four refuse transfer stations
- A network of fourteen household recovery centres
- Ongoing monitoring and pollution control at existing and closed landfill sites

4.2.2 Consider the possibility for regionalisation of specialist testing and storage equipment for Trading Standards.

All North East Local Authorities provide the same statutory trading standards service. Each Authority requires specialist testing and storage facilities and from discussions it would appear that not only is there duplication in this specialist area but each authority also has an individual contract with a different public analyst laboratory. It is recommended that opportunities should be explored for collaborative working and regionalisation of aspects of the services including the public analyst laboratory.

4.2.3 Deliver alternative ways of working for the Highways Inspection Service.

The development of GPS and mobile working requires inspectors to no longer be office based. As a result a review and rationalisation is required for all the current Highways and Transportation depots. In particular opportunities have been identified to:-

- Rationalise the depots in South East Northumberland onto one site, and release Dark Lane Morpeth, Coopies Morpeth, Powburn, Cramlington Highways Laboratory and Sign Shop.
- Review and identify the options for highway facilities in Tynedale and the west of the County

4.2.4 Enhance public access and income generating opportunities from the Countryside Parks.

A strategic decision has been taken to retain the four key Country Parks. However it is necessary to ensure the efficient use of the resource by reducing the maintenance liability and enhancing public access together with income generation opportunities.

As a result the following opportunities are being explored for shared/enhanced use to achieve relocation of:-

- Rudchester Depot – to enable the asset to be sold.
- Relocation of Horticultural Skills Unit (HSU) from Hepscott Park to facilitate its disposal.
- Relocation of HSU from Ridley Hall.
- Review the use of the catering facilities to maximise income generating opportunities.
- Review the use and need for office facilities on site.

4.2.5 Further development of Sure Start and Children’s Centres

Provision should support the delivery of the Governments ten year strategy for Childcare “*Choice for Parents: the best start in life for Children*”. Children’s Centres must :-

- reach an additional 7,931 under 5’s
- cover 30% of all Super Output Area’s and
- deliver a further ten Children’s Centres in addition to those facilities that are to be provided this year in the following locations:-
 - Alnwick – Alnwick South 1st- mobile with Tic Toc Group.
 - Alnwick – modular building on St Michaels/Barndale site.
 - Amble - Amble links 1st extension.
 - Cramlington Village– minor alterations to exiting providers (Little Angels) accommodation.

- Eastlea Cramlington – Temporary modular building at Eastlea, then to be moved to Burnside as part of PLF.
- Seaton Delaval – new building adjacent new 1st school.
- Hexham – Modular building at Hexham East 1st School.
- North Tyne – Extension to existing modular building at Bellingham middle/1st School.
- Pegswood – Refurbishment of former nursery building.
- Morpeth – modular building at Stobhill 1st School.
- Seahouses – modular building at the 1st school.

4.2.6 Provide access to enhanced facilities at all Northumberland schools through the Full Service and Extended Schools Agenda

All Northumberland schools will deliver access to the full 'Core Offer' by extending schools through collaboration with one another in school partnership groups and with other services and agencies through the work of integrated teams by 2010.

As a result production of an Extended Schools implementation toolkit has been produced and disseminated to Governing Bodies with responsibility for delivering the extended schools agenda.

It has been identified that delivery of the Core offer shouldn't have significant implications on assets as it predominately involves extending the use of existing assets. However surplus places should be reduced as the Full Service Schools could provide wider community use of buildings and sites and thus reduce surplus places and meet the Councils agenda regarding Natural Communities.

4.2.7 Putting the Learner First (PLF)

This is a strategic plan for the provision of education in Northumberland. The proposals involve the removal of the current three tier system and its replacement with a two tier primary and secondary school structure.

The proposed restructure will be delivered through a rolling programme that is due to be completed in 2021. It involves the formation of partnerships which are based geographically and demographically. And the programme is based around the proposed fourteen new partnerships.

The aims of PLF are that it will provide improved educational standards, reduce surplus places and improve the condition of the current school buildings.

4.2.8 Modernisation of the Registration Service

Following the introduction of the Citizenship and Marriage Act the Northumberland Registration Service has increased its work load by three fold. In addition the compensation claims culture has added to increased requests for death certificates.

Simultaneously, the Registration Service is moving to registration on laptops with broadband connection from 1 April 2007, as a result the provision of the service is providing more flexibility and improved public access.

Critical issues being explored are:-

- Storage at the four main offices - consideration required as to whether it could be centralised to new modern record facility at Woodhorn – statutory requirement regarding geographical locations may prohibit relocation.
- New main offices at Hexham and Alnwick
- Site sharing with other Council services like libraries and drop in facilities in community buildings.

4.2.9 Modernisation of Adult Services

To deliver the modernisation agenda the consideration is being given to the alternative provision of:-

- Residential Care for older people
- Day Care for older people and those with learning and physical difficulties
- “Backroom” office accommodation – consideration for reorganisation to four geographical centres.

4.2.10 Integrated Teams

The development of integrated services was as a result of the Best Value Review of Children’s Services and is consistent with the subsequent green paper “Every Child Matters” and the legislation relating to the green paper the Children Act 2004.

The Council in partnership with the Care Trust, Connexions, Learning and Skills Council (LSC), Voluntary and Community organisations and Mental Health Trusts has developed the Family and Children Trust

(FACT). The FACT aims to ensure that children, young people and families have easy access to services needed to ensure that all children in Northumberland are able to reach their potential. The FACT believes that to be able to provide such services they need to be integrated wherever this is possible.

Integrated Teams will consist of staff from differing professional backgrounds, working together in the same team, with one manager responsible for coordinating and line managing the work.

The more detailed proposals for integrated teams has been further developed, taking into account later government initiatives including Extended Schools, Youth Matters and the new Annual Assessment Process which brings together education, social care, youth justice, youth work and child health.

Strategic asset consideration is being given the delivery of:-

- Teams based on the communities served by school partnerships, based within the catchment area of the school partnership.
- The Inclusion Services Teams, will serve the whole of Northumberland, bases need to be established, ensuring that the need of rural areas will be addressed and met.

4.2.11 Modernisation of Northumberland Fire and Rescue Services (NFRS)

Consideration needs to be given to the need to:-

- Identify a new site in Hexham that fits with the Civil Contingency Act.

Furthermore work is ongoing regarding site sharing and the identification of new sites to explore the possibility of new provision or enhanced existing provision in the following locations:-

- Alnwick
- Prudhoe
- Berwick
- Rothbury
- Allendale
- Bellingham

Discussions regarding site sharing are being explored with Northumbria Ambulance Service, Highways and Transportation and other service groups.

4.2.12 Customer Service, Library and Archives

Following a fundamental service review, the asset implications of the recommendations involve:-

- Reduction in the number of static libraries
- Transfer and establishment of community management arrangements for a number of libraries
- Disposal of identified surplus buildings and sites
- Identification of potential capital receipts and revenue savings

The review aims to improve the condition and accessibility of the retained library buildings and in addition further work will be developed to explore the delivery of future provision in line with other Council initiatives such as Extended Schools and Natural Communities agenda.

Asset Management Planning key improvement issues and progress review

The following key improvement issues have been identified and action plans for their achievement now well underway. Set out below is a review of the action being undertaken and the progress made to date.

1.1 Procure surveys to establish true condition/suitability/sufficiency of our assets

The quality of the Council's current building condition information is poor.

Condition surveys were first undertaken in 1998/1999 of school establishments to satisfy the requirements of DfES. The DfES guidance indicated an expected 5 year validity of this information and that resurveys would be required after this period of time. The County Council did not adopt a strategy to undertake condition resurveys over a rolling programme and was faced at the end of its' 5 year period with all the school condition data being out of date.

Since mid 2004 until early 2005 condition resurveys have been undertaken at 160 school establishments. These resurveys have been limited to the general building fabric and have not included service installations (i.e. mechanical and electrical). There are 50 schools where resurveys are outstanding. All mechanical and electrical survey data is from the original 1998/1999 surveys.

During 2003/2004 condition surveys were undertaken at 116 non school establishments mainly comprising Libraries, Social Services establishments and Fire Stations. These surveys were undertaken in the same format as the schools and satisfy the requirements of the ODPM. Resurveys will need to be implemented at these establishments from 2008 to maintain the data integrity.

There are also gaps in the condition data held with 67 County Council establishments, having had no condition surveys undertaken.

All original surveys were undertaken by general building surveyors and there has been no detailed examination of mechanical/electrical installations by appropriately qualified engineers. As a result there is doubt as to the integrity of the original mechanical and electrical data. Given that these elements of a building can have a large financial impact on the upkeep of an establishment it is appropriate to improve this data across the property portfolio.

Recognising the weakness in the data held the decision was taken in 2006 to procure a new contract on an improved specification. Following a tender exercise and a successful pilot exercise, Oakleaf Facilities Limited have been appointed to undertake condition, suitability and sufficiency surveys to NCC's property portfolio over a five year rolling programme. This will involve the assessment of approximately 85 establishments per year. Programming of the surveys has been designed to enable the resultant information to inform the Medium Term Planning process.

The procurement of mechanical and electrical condition surveys is also underway and it is proposed that the results of statutory testing and inspection surveys are used to inform the M&E condition survey to maximise the quality of the output. The M&E survey contract will follow the same programme as the condition/suitability and sufficiency contract.

The data collated through these surveys is then used as a critical part of the process of prioritisation within capital investment decision making and will be incorporated within the Business Case for investment to ensure that the full implications and benefits of proposed investment can be recognised. It is also disseminated to the schools and service managers to enable them to make informed choices in determining the use of delegated budgets in line with their defined obligations and identified service development needs.

1.2 Categorisation methodology

The Corporate Property Officer has implemented a process whereby service providers in consultation with external consultants and end users assess the sufficiency and suitability of all property assets in current and future use. A Core Property Data Questionnaire is used to challenge service directorates to link the need for individual properties to the Councils strategic objectives and to identify all the future property implications of Service Plans. In addition to looking at future need it also identifies current individual premises related running costs and information on use and occupancy rates which in turn challenges directorates to make efficient and effective use of existing property assets.

This process informs service planning and identifies opportunities for rationalisation of the portfolio by sharing accommodation.

2.1 Ensure budget arrangements which allow compliance with legislation/statutory requirements

The Council is obliged by law to carry out surveys/inspections of its property assets. To satisfactorily fulfil the Council's obligations the total cost of survey work is estimated at £3,177,000.

Initial work revealed that the funding available to fulfil these obligations was inadequate. In addition there is lack of clarity of budget availability due to the combined use of budgets for survey and 'works'. The budget has now been increased to cover the statutory obligations and the budgets have been reorganised for improved clarity and control.

3.1 Develop an IT system to ensure consistency/efficiency/availability of data upon which to base decisions

A review of the property data handling systems currently being used by the Council was carried out in 2006 and they were found to be extremely fragmented, inefficient and incapable of communicating with each other. The review concluded that a corporate property database managed centrally by the Asset Management Group which would be able to respond to the increasingly demanding needs of asset management planning was required.

A web enabled system would allow individual clients to view their property information from one source with information identified in the same format. It would remove the confusion that currently exists and greatly assist with the dissemination of property information.

Approval in principle has been given to the implementation of a fully integrated, web enabled corporate property database to fully support the asset management planning process.

A Corporate Property Database Officer Working Group has been set up, with representatives from Asset Management, Property Services, Procurement and Computers to manage the project and work is ongoing to specify the form of system required and to test the options available to the Council for system development.

4.1 Drive forward service and asset planning to define future asset needs

The new corporate standards adopted by the Senior Management Group for service delivery plans have enabled consistency in their content and production. The property implications arising for each service are being identified from the plans to enable prioritisation and to ensure that the property assets are used in the most effective and efficient way to support improved service delivery. Further improvements to this process are now being implemented for service planning for 2007/8 with the introduction of standardised formats which

clearly demonstrate the links between service asset plans, service priorities and corporate objectives, and demonstrate how assets contribute to the achievement of service objectives.

5.1 Review existing asset base and challenge

A review of the existing property asset base is essential to ensure that they reflect the long-term vision of future service delivery and that they are contributing to the Councils strategic objectives. There is also a need to ensure the efficient and effective use of retained property.

Following a review of each Directorates holding, the retention of assets is challenged and Directorates must demonstrate that the assets support the delivery of corporate objectives. A 'challenge mechanism' has been adopted which questions the condition, suitability, sufficiency, utilisation, running costs and opportunity value of each asset to determine a recommendation for its future. If there is no justification for retention, the asset will be sold and the capital receipt used to fund delivery of corporate objectives through the capital programme. This should allow for the contribution of retained and investment in assets to be measured in the context of the service benefit. This mechanism has been used to develop the 'traffic light' list as part of Project WorkWell

In line with this principle, vacant properties are subject to rigorous challenge. There are past examples where a service has vacated a property but has been extremely reluctant to declare it surplus to the operational requirements in the expectation that some alternative use might be identified at a future time. As a consequence there have been instances where property has remained vacant for a number of years under the effective control of a service and the opportunity to consider the property as a corporate asset has been denied. Furthermore, there have also been instances where the condition of a vacant property has been allowed to deteriorate by a service to the extent that when it has eventually been declared surplus to requirements, its market value has been substantially reduced.

In September 2005 the County Council adopted a Protocol for Dealing with Surplus Property Assets so as to ensure that the opportunity cost of financial resources tied up in property assets is minimised and to improve the management of financial budgets.

In accordance with the Protocol when a property is vacated by the occupying service it is automatically deemed to be surplus to requirements unless there is a robust justification for retention in the short term. There is no need for the service to declare it surplus to their operational requirements as is currently the case. The property becomes a corporate asset to be re-used to meet a previously identified service need or disposed of to maximise the financial return.

The Asset Management Group is working closely with Service Directorates to ensure that timely arrangements are made to vacate, maintain and protect the property prior to re-use or disposal. This will lead to the timely re-use or disposal of surplus property assets and improve the future programming of disposals to help fund the Council's medium term capital plan.

6.1 Implement use of key Property Performance Indicators and set improvement targets

CARGO has adopted the Association of Corporate Property Officers (COPROP) suite of national property performance indicators, which have been endorsed by DCLG, DfES and RICS. The use of these performance indicators will enable the County Council to measure the impact of investment in its property portfolio in terms of the overall condition of the estate, maintenance backlog, suitability and sufficiency, energy consumption and accessibility. Use of the COPROP performance indicators will also enable the performance of the corporate estate to be benchmarked nationally through the IPF Asset Management Planning Network and allow year on year performance against defined targets to be more easily measured.

The Property PI Working Group was set up with the objective of defining a list of corporate property performance indicators and to generally monitor property performance. In 2004, the requirement to supply the mandatory asset management plan performance indicators to the ODPM was withdrawn, but it was recommended that local authorities continue to collect the data in order to monitor year on year performance.

The Property Performance Indicators required can be split into two categories, COPROP PIs and Local PIs. COPROP PIs are national performance indicators relating broadly to categories such as condition and required maintenance, suitability, energy consumption and access. Local PIs are not required nationally, but are collected by the Council as a measure of its own performance and include data on the number and value of its operational and non-operational portfolio and the cost and performance of the Asset Management Group.

DATA YEAR 2005/6
BENCHMARK DATE: 1/4/2006

Part 1 – CORPORATE PORTFOLIO

% Gross Internal Floor-Space in Condition Categories A – D.				
Condition Category	A	B	C	D
Schools	36	32	22	10
Other Land and Buildings	59	25	15	1

Required maintenance by Cost expressed as a total cost in priority levels 1-3			
Priority levels	1	2	3
Schools	33	31,370,159	28,207,714
Other Land and Buildings	0	5,606,612	3,629,121

Required maintenance by Cost expressed as a % in priority levels 1-3			
Priority levels	1	2	3
Schools	0	53	47
Other Land and Buildings	0	61	39

Required maintenance by Cost expressed as overall cost per square metre GIA	
	£/m ²
Schools	142.01
Other Land and Buildings	97.27

Annual percentage change to total required maintenance figure over previous year	
	%
Schools	
Other Land and Buildings	

Total spend on maintenance in previous	
--	--

financial year	
	£
Schools	2,651,437
Other Land and Buildings	2,122,348

Total spend on maintenance per square metre GIA	
	£/m ²
Schools	6.33
Other Land and Buildings	20.32

Percentage split of total spend on maintenance between planned and responsive maintenance	
	%
Schools	65 planned
Other Land and Buildings	59 planned

Energy costs/consumption in £ spend per m ² GIA and kwh per m ² GIA		
	£/m ²	Kwh/m ²
Schools	5.54	174.61
Other Land and Buildings	16.93	543.50

Water costs/consumption in £ spend per m ² and by volume m ³ per m ² GIA		
	£/m ²	M3/m ²
Schools	0.92	1.32
Other Land and Buildings	2.86	4.12

CO2 Emissions in tonnes carbon dioxide per m ² GIA	
	Tonnes/m ²
Schools	0.03
Other Land and Buildings	0.09

%portfolio by GIA/m ² (excluding schools) for which a Suitability Survey has been undertaken in last 5 years	%
	100

Number of properties (excluding schools) for which a Suitability Survey has been undertaken in last 5 years	Number
	168

% of portfolio by GIA/m ² (excluding schools) for which an access audit has been undertaken by a competent person	%
	100

Number of properties (excluding schools) for which an access audit has been undertaken in last 5 years	Number
	204

% of portfolio by GIA/m ² (excluding schools) for which there is an Accessibility Plan in place	%
	100

Number of properties (excluding schools) for which there is an Accessibility Plan in place	Number
	204

Part 2 – ASSET MANAGEMENT GROUP SERVICE

Asset Management Group staff costs/m ² for all property types	0.1

Asset management staff costs of achieving sales as % of capital receipts	1.91
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Cost per asset valuation	140
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Farm estate management costs as a percentage of annual rental income.	16.1
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% Invoices processed with 30 days	100
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The local property performance indicators are included in 'In Phase', the corporate performance measurement system, and performance against defined targets is measured on a quarterly basis and informs management decisions.

6.2 Analysis of Performance Data

6.2.1 Performance Indicator 1B III Total cost of required maintenance

- As of the benchmark date of 1st April 2006 the estimated maintenance backlog on the property portfolio was £75,000,000, which is inclusive of works to external areas. Building maintenance backlog equated to £142.01/m² in school buildings and to £97.27/m² in non-school buildings.

At this stage it is difficult to gain any meaningful comparisons from the benchmarking exercise as the information is very limited and there is no scope for detailed analysis. However, in comparison to other authorities taking part in this benchmarking exercise, the above figure would appear to place the County Council in the mid quartile, with just under 50% of the authorities having greater Costs for Required Maintenance per m².

As previously indicated the County Council is continuing to improve the quality of the data held and is in the process of re-surveying its' entire portfolio. An analysis of work already undertaken would indicate that the maintenance backlog at 1st April 2007 stands at £91,600,000 (1st April 2007 pricing date). Building maintenance backlog now equates to £71,200,000 or £177.43/m² in school buildings and to £20,400,000 or £177.08/m² in non-school buildings. The significant increase in non-school buildings required maintenance per m² can be attributed to the undertaking of condition surveys to a number of properties that were not previously surveyed, increasing the overall backlog maintenance figure for these property types.

Implementation of both Putting the Learner First and Project Workwell will contribute to a significant reduction in the backlog maintenance.

Project Workwell will look at the rationalisation of the non-school portfolio and it is anticipated that over the five year period of the project there will be a major reduction in the portfolio. Initial proposals would indicate that around 116 properties will no longer form part of the property portfolio. This will see a reduction in 48,091m² of floor area in existing stock and a resultant reduction in the backlog maintenance of non-school properties of £8,166,255 to a total of £12,272,754 at £182.27/m² by the end of 2011/12, based on current figures.

It should be noted that as solutions are developed to implement Project Workwell there would be an amount of new properties being added to the non-school portfolio. The implications of this have not been included in the above figures, as they cannot be quantified. It would be fair to assume, however, that the cost of backlog maintenance per/m² will be less than the figure indicated above, as there will be an increase in floor area. There will be a slight increase in the cost of backlog

maintenance per/m² up from £177.08/m² to £182.27/m² . This can be accounted for by the reduction in the amount of leased-in properties, where in some cases there is little or no maintenance liability, within the Council's portfolio.

Putting the Learner First will result in a significant investment and rationalisation of the school portfolio as the County moves from a three to a two tier system of education. The LEA is addressing this project through a phased implementation based on 13 Partnerships over a fifteen-year period. This involves the development of proposals following extensive consultation. This process will be ongoing for the whole of the timescale.

Consequently, detailed proposals are also being developed in phases. It is, therefore, difficult to quantify the impact of this initiative on the current backlog maintenance figures. Proposals for the Cramlington Partnership have been agreed and are currently being implemented. It is envisaged that as a result of school closures/rebuilds backlog maintenance will be reduced by just under £3,500,000. As stated it is extremely difficult to quantify the likely reductions in backlog maintenance for the school portfolio with firm proposals not yet developed, however, a challenging target of a £25,000,000 reduction in backlog maintenance would be achievable.

6.2.2 Performance Indicator 1D II

Total spend on maintenance in previous financial year/m²:

The latest available benchmarking data indicates that Northumberland County Council spent £4,800,000 on maintenance in the financial year 2005-2006, equating to £9.73/m² over the property portfolio. This figure placed the Council in the lower quartile of authorities in terms of total spend on maintenance per m² . The highest spending authority paid out in excess of £25/m² over the financial year.

When taking PI 1BIII (Total Cost of Required Maintenance) into account the figures suggest that although the Council is spending amongst the lowest amounts in terms of property maintenance, the estimated maintenance backlog is also relatively modest compared to similar authorities. It is therefore realistic to conclude that if expenditure on property maintenance was increased a significant proportional improvement could be achieved in terms of the overall condition of the portfolio.

Figures for 2006-2007 show that Northumberland County Council spent £3,900,00 on maintenance in the financial year, which equates to £7.60/m² . Of this £1,265,627 was directed at non-schools, equating to £10.94/m² . Following implementation of Project Workwell a target reduction in floor area of 48,091m² in the non-school portfolio is considered achievable. Should non-school maintenance expenditure

remain unchanged at £1,265,627 the amount of spend would increase to £18.78/m² .

6.2.3 Performance Indicator 1 DIII
Percentage of total spend on maintenance between planned and responsive:

During 2005-2006, in total 61% of the financial outlay of the Council in terms of maintenance cost was planned this figure places the County Council around the mid way point in comparison with the other authorities. Approximately 50% of authorities spend a higher proportion of their total maintenance outlay on planned projects. The highest percentage recorded for planned maintenance is 75%. These figures indicate that there is room for improvement in terms of planning for maintenance works which will be required.

However, by 2006-2007 this had reduced to 39% of the spend being planned and the remainder being planned. Within the non-school portfolio only 36% of maintenance expenditure was planned. With the reduction in the portfolio following Project Workwell it should be possible to increase the amount of maintenance expenditure (assuming funding remains unchanged) that is directed to planned works. It would not be unreasonable to expect at least 55% of expenditure to be planned. This figure will increase further as Northumberland County Council's Capital Programme further improves the remaining building stock, reducing the maintenance backlog and enabling more planned maintenance investment.

6.2.4 Performance Indicator 2A
Energy Cost/Consumption:

In 2006 the Council had an energy cost of £8.08/m² and an energy consumption of 263 kwh/m² . In terms of energy consumption the Council ranks as 5th highest in comparison with the other authorities participating in this benchmarking exercise. However in terms of cost per m² the Council ranks 12 out of 22. This suggests that where the figure paid per m² for the properties may be reasonable, there could be improvements made in terms of energy consumption and conservation.

6.2.5 Performance Indicator 2B
Water Cost/Consumption:

The Council's water consumption per m² is the second highest compared with the figures submitted by the other authorities taking part in the benchmarking exercise. However the consumption of 1.99m³/m² results in a relatively low cost of £1.38/m² in comparison to the other benchmarked authorities. The highest cost submitted for water in terms of £ per m² is circa £4.50.

These figures, much like with the Energy Consumption/Cost above, suggest that whilst the County Council is charged a relatively low figure for water/m² water consumption is an issue which should be addressed and where there is scope to achieve efficiencies.

**6.2.6 Performance Indicator 2C
CO2 Total Emissions/m² :**

The Councils CO2 emissions are the seventh lowest in comparison to the other authorities taking part in the benchmarking exercise. The total emissions/m² of just 0.04 tonnes is significantly lower than the highest figure submitted of 0.1 tonne/m² . This suggests that the Councils properties are performing well terms of the CO2 emissions.

**6.2.7 Performance indicator 3A
% of portfolio by GIA m² for which a suitability survey has been carried out within last 5 years:**

The Council is 1 of only 6 authorities to have undertaken a suitability survey for 100% of its properties.

However of these properties only 67% are graded as good or satisfactory (P.I. 3CI) meaning that a significant proportion (33%) of the Council's property portfolio is unsuitable for its current purpose. The best performing council achieved 93% of properties being graded good or satisfactory.

The above indicates that there is significant room for improvement in terms of the suitability of the Council's property portfolio, the fact that the entire portfolio has been surveyed enables improvements to be identified.

**6.2.8 Performance Indicator 4A
% of properties for which an access audit undertaken:**

The Council is 1 of 11 authorities to have undertaken an access audit on its entire property portfolio. Five authorities have not managed to carry out an audit in over 25% of their properties.

**6.2.9 Performance Indicator 4C
% of properties for which there is an accessibility plan:**

As with PI 4A the Council has completed an accessibility plan for its entire property portfolio (one of only 10 authorities to have done so)

However the BV 156 indicates that the Council has only 27.32% of buildings open to the public, where all public areas are suitable for and accessible to disabled' people. This represents the second lowest figure when compared to the other authorities taking part in this

benchmarking exercise and highlights an obvious area for improvement.

The true value of measuring performance is to identify areas of current weakness and define challenging but realistic targets that will raise standards of performance to compare favourably 'with best in class'

The property performance data alongside measures as to how the asset supports service delivery have been considered in the definition of the 'traffic light list' as part of the WorkWell Project and will be considered by the Council in line with the climate change agenda.

7.1 Establish the 'sustainable portfolio level' and devise a strategy to address weaknesses.

At the present time the Council cannot adequately maintain the number of assets it holds and it is recognised that realistic future maintenance budgets will continue to be inadequate to support the extent of the current property portfolio. Initial work has identified a 'sustainable' level of properties based on such predicted financial circumstances and this has been used to derive the target level of rationalisation and as a driver within service asset management planning to encourage creative and innovative ways of service provision and efficiency of in use asset value.

To bring the maintenance of our assets into line with Audit Commission recommended levels and with national averages, a considerable cut would be required in the numbers of assets held to meet a 'sustainable portfolio' level. Baseline data has been used for this review which has acknowledged weaknesses within it. However what the data indicates is that a rationalisation of the portfolio in accordance with the targets adopted with Project WorkWell will after 5 years enable current levels of investment to maintain a standstill position for condition based on current budget levels and current prices (however this does not tackle the remaining backlog)

At current assumed levels of capital investment (£20million pa) the backlog would take in the order of 15 years to eradicate. This matter has been brought to the attention of the Management Board for consideration of this matter in future capital planning and a strategy for tackling backlog maintenance has been approved:

8.1 Limiting future liabilities and methods of control

As part of the drive to tackle backlog maintenance, measures are being taken to limit future liability within our assets by ensuring that the longer term consequences of procuring a new building or investing in an existing building are known in advance of the decision to proceed.

Processes have been defined which will ensure that an appropriate survey of all proposed acquisitions takes place in advance to identify future inspection and maintenance liabilities. Evidence that this process has been satisfactorily followed will be incorporated into the formal report seeking approval to the acquisition and as such embedded within the Council's constitution.

Similar processes will be followed in respect of all new build and capital investment property assets. Evidence will be presented as part of the documented Business Case capital bidding process, as set out in the Guide to Capital, to ensure that future costs are identified and properly resourced in future capital and revenue budgets. This requires the development of a consistent and informative method of whole life costing to be agreed and adopted by the Council. This is now a specific requirement under CPA Use of Resources (Level 3) and is being given priority to ensure it is established as part of our corporate processes by the end of the 2007/8 financial year. However there is still the need to press ahead with feasibility and option appraisal work being carried out for the early phases of the Putting the Learner First project. A form of Whole Life Costing is being applied to these schemes to ensure consistency and clarity of cost.

9.1 Value for money

Demonstrating that value for money is achieved from the capital programme is recognised as essential and forms part of any sound asset management plan. Both contract procurement and component specification are being reviewed to ensure that maximum value is derived from the Councils investment programme.

In line with the recommendations of Robson Rhodes, the procurement of Design and Construction contracts has been reviewed and recommendations were made to enable an appropriate procurement route to be put in place for a new design and build contract. To facilitate this, a corporate working group with key representatives from Community and Environmental Services, Procurement, Internal Audit and the main service Directorates was established with the review being led by the Head Facilities Management. The new contract is due to issued in November 2007.

The need to ensure value for money from component specification is also recognised. A Corporate Strategic Design Framework will therefore be developed which will provide a set of high level principles or standards to inform design, construction and refurbishment projects. This will then provide the framework for more detailed individual Service Design Guides i.e. the "Putting the Learner First" School Design Brief.

It is intended that the Design Framework will be a high level overarching document setting out the principles to which the Council

aspires and it is expected that designers and those involved in projects will highlight and quantify the impact of non-compliance where deviation from these principles is thought to be necessary.

Objectives:

- Achieving value for money through standardised design and material specification.
- High quality design that delivers appropriate building functionality linked to service need.
- Spaces that are well proportioned, efficient, and fit for purpose
- Promotion of practical environmental design.
- Promotion of energy efficiency through new technologies and the use of alternative sources of energy.
- Create attractive external spaces with a good relationship to internal spaces and offering appropriate enhanced security.
- Reduced building life cycle costs.

Outputs:

- More efficient and effective procurement and use of buildings, in terms of cost, performance, functionality, maintenance and energy efficiency.
- Improved working environment.
- Improved service delivery.
- Environmental benefits.

Work already underway on delivery of PLF in Cramlington is adopting these principles of standardised design to deliver greater value for money from investment in the current capital programme.

10.1 Reduce property related costs by challenging efficiency targets as part of a Corporate Accommodation Strategy

The legacy of the Council's building stock combined with financial pressures and a hierarchal departmentalised culture has until recently acted as a barrier to changes in working practices and the workplace. The need for efficiency gains, improved responsiveness and new approaches to the delivery of services is characterised by increased public expectations. The workplace can support or hinder day – to – day operations, as well as help the process of change and improvement.

A corporate accommodation strategy can help bring about much deeper cultural, business and technological transformation within the Authority and its partner organisations to help improve the effective and efficient delivery of integrated services.

There is a need to challenge existing working practices and explore opportunities, for example, to employ new technology, agile working and flexible office space. A Corporate Group has been set up within the Project WorkWell structure to oversee the achievement of significant rationalisation within the Council's office portfolio.

The initial stage of the Project WorkWell is to rationalise office space usage in the Councils two main administrative centres, County Hall and Hepscott Park. The project has introduced a radical approach to how the space can be used differently to deliver the rationalisation target and to contribute to the modernisation and transformation of the Council.

11.1 Review and report on compliance with DDA

Currently the Council's non-school property assets are around 35% compliant with the adaptation requirements of the Disability Discrimination Act DDA. This has been identified as one of the key strategic risks facing the Council with a high risk of prosecution for non-compliance. In a recent review of key strategic risks, 17 such risks were classified as "very severe", that is those requiring management action to prevent their occurrence. Of these very severe risks, two relate to Disability Discrimination Act compliance, as follows:-

Required repairs to property not carried out – potential scenario: issues such as backlog maintenance, legislative inspections and remedial work are not addressed (graded 16 on a scale of 1 – 16 - circumstances very likely to occur, potentially major impact)

Failure to comply with Disability Discrimination Act – potential scenario: Council fails to fulfil requirements, specifically with regard to access to public buildings (graded 14 - circumstances very likely to occur, potentially serious impact)

It is recognised the Council has been required to make hard decisions in the past and, as a result, the level of resources allocated to DDA adaptations has been inadequate to undertake the works required within Priority A. However, this position cannot continue without the likelihood of prosecution for non-compliance increasing as the lawful date for compliance (1 October 2004) recedes. It is also recognised the level of revenue resources estimated for completion of Priority A adaptations is greater than the Council can afford in the current climate of budget shortfalls.

The strategy outlined below requires a non-recurrent revenue allocation to complete outstanding Priority A works to those properties being required by Service Directorates to deliver services from in the medium to long term. The level of resources required to implement this strategy can be fully determined when Service Directorates produce their service plans.

The strategy proposed for completing Priority A works is:-

- a) Determine from the Workwell Project those properties which will be retained in the ownership of the County Council for the efficient and economic delivery of services.

To expedite this matter, all Service Directorates and Heads of Service have been issued with a list of all non-schools establishments under their day-to-day operational control. They have been asked to identify, in advance of service plan publication, which establishments are likely to be surplus, given the Council needs to greatly reduce its property portfolio to a sustainable level.

Additionally, Heads of Service have been asked to review the list of establishments under their day-to-day operational control to assess if any establishment can be redefined as not having public access. Those establishments reclassified will not require DDA works to be undertaken, hence reducing the burden on revenue resources. The reclassification will also have the effect of improving the Council's performance against the BVPI by reducing the percentage denominator.

- b) Determine the cost of undertaking DDA Priority A adaptations to retained establishments and identify budget resources.
- c) Implement DDA Priority A adaptations to these properties during the 07/08 financial year.
- d) The remaining properties are vacated in a timely manner and offered for disposal. The Council's Risk Panel should assess the risk of prosecution in those establishments identified for disposal and not receiving adaptation works prior to disposal.

There are a number of challenges to be overcome in implementing this strategy:-

- a) Services reviews, delivery criteria and service implementation plans are not sufficiently developed within the Council to allow Heads of Service to adequately specify and articulate their medium to long term property requirements in their Service Plans, within the timescale required for DDA compliance.
- b) The majority of existing property assets held by the County Council are operational and, in the main, fully occupied. Reduction in the portfolio to a sustainable level will require the adoption of alternative forms of service delivery and redefining working practices (i.e. home working, hot desking, landscaped offices, etc.).

With the allocation of non-recurring revenue budget in 2007/08 a target of 61% DDA compliance has been set for the non-school property portfolio to be achieved by the end of the financial year. Project Workwell is also considering a phased programme of asset disposals of 30% over 5 years. These two objectives will greatly reduce the risk exposure of the Council.

12.1 Review and evaluate the success of projects in both delivery and outcomes

A programme of Post Project Evaluation is now in approved by the Executive on 8th May 06 and now formally incorporated within the Council's Constitution. Further work has been ongoing with the Working Group developing the implementation details to run with a pilot exercise based on projects from this years capital programme. Following this pilot exercise CARGO will have the opportunity to review and refine the adopted processes.

- *The pilot exercise adopts the following model. A representative sample of all projects, chosen by CARGO at project approval stage, is to be subject to formal post project evaluation. The evaluation process, coordinated by the nominated Evaluation Officer, usually takes place between three to six months following the completion of the project or such other period(s) as may be defined in the Business Case. The Evaluation Officer nominated by CARGO at the Business Case approval stage performs an independent scrutiny role. Where necessary, CARGO can request that a formal evaluation of any project be undertaken.
- The proforma, set out in Section 3 of the Business Case Submission, is used as a basis for PPE and is amended as appropriate to meet the needs of an individual project.
- At the conclusion of the PPE process a summary report, focussing on any lessons learnt (based on Section 3.8 of the proforma), is prepared by the Evaluation Officer setting out any recommendations for improvement. CARGO then considers the report and proposes any corrective action required to lead to improvement.
- As part of the corporate PPE process CARGO presents an annual review of project delivery performance for consideration by Scrutiny Committee in June of each year commencing 2007.

*This year's pilot exercise will evaluate the following projects which have been chosen to represent a spread in terms of sponsoring directorate, capital cost, complexity and funding sources and are indicative of the overall programme.

Code Project	Directorate	Project	Capital Cost £	Project Manager	Evaluation Officer
Not yet created	Chief Executive	Berwick Managed Workspace		John Hamilton	David Laux
PL051217	Children's Services	Ponteland 1st School (new build)	£6,230,000	Sue Aviston	Ian Hay
PP051803	Children's Services	Seaton Delaval 1 st School (new build)	£4,209,000	Sue Aviston	Ian Hay
Not yet created	Chief Executive	Replacement Sewage Pump, Hepscott Park		Duncan Johnson	Paul Jones
PT040756	Children's Services	Berwick High School Multi Use Games Area	£1,362,264	Sue Aviston /Allan Wallis	Chris Cressey
HB062447	Highways	Belsay Hillhead Bridge Scheme	£100,000	Simon Rugman	Stuart Lawson
BA060001 & BA040001	Protective Services	National Radio Communication s Project	£94,000 + £207,410	Alex Bennett	Chris Cressey
HD062293	Highways	LTP Non Principle Roads C82 Beanley Carriageway Improvements	£96,000	Richard Hayes	Stuart Lawson
HE051860	Highways	LTP Calpin Quay Phase II	£100,000	Richard Hayes	Stuart Lawson
PD062509	Children's Services	Cramlington High Security Alarm (devolved capital)	£2,000	Derek Wise	Ian Hay
PD062520	Children's Services	Red Row Roofing Contribution (devolved capital)	£16,000	Sue Aviston	Chris Cressey
HE40457	Highways	LTP Ridge Terrace Bedlington	£10,000	Alan Bourne	Paul Jones

1. Devolved Formula Capital

The Council wants to work in partnership with its schools to better support the delivery of the corporate strategic aims outlined in this Plan and the Children's Services Directorate's "The Asset Management Strategy for Schools 2006-2009". Ensuring that the schools estate is well managed is therefore a joint responsibility of schools and the local authority.

A significant proportion of resources available to address the needs in the school estate are allocated to schools by way of Devolved Formula Capital allocations. In addition to this the Council maintains some central capital resources to assist schools in asset management planning. Devolved Formula Capital should be allocated to schemes which address the needs outlined in the school level asset management plan. To facilitate this, the Council will provide detailed information on each school's priorities and assist schools in the development of their capital investment programmes.

In some instances it will be more appropriate to allocate Devolved Formula Capital allocations to a larger strategic scheme that is being delivered by the local authority. Given that the scheme will be addressing the school's asset management issues it is not unreasonable to expect Devolved Formula Capital to contribute to this scheme. However, the intention is to work with schools to develop an agreed plan on how best to deploy Council and school capital resources.

The Council has determined the effectiveness of all schools based upon three DfES defined assessments; condition, suitability and sufficiency. Schools have previously been issued with the details of these assessments and this will be updated as schools are resurveyed or as works are completed. Schools are strongly encouraged to use this asset management data in the preparation of a capital School Development Plan and direct DFC allocations in line with the Children's Services Directorate's "The Asset Management Strategy for Schools 2006-2009" to support the County Council's overall asset management strategy. This may mean that DFC is included within a much larger project, developed in partnership with the County Council, or it is used on smaller projects to improve facilities within the school. Guidance on the allocation and use of DFC has been issued to schools.

To facilitate best use of DFC the County Council will provide advice to schools on Asset Management priorities and will provide guidance on how best projects should be procured and delivered. The Council will also assist schools in the preparation of their school development plan.

1. Children's Services AMP Strategic Priorities

The strategic priorities for school capital investment for the future are outlined in the Children's Services Directorate's "The Asset Management Strategy for Schools 2006-2009".

Based upon the national and local strategic priorities the following priorities have been set for asset management planning in schools. Capital expenditure on schools for repairs, modernisation or rebuilding should where possible contribute to the Children's Services Authority's strategic objectives.

2. Putting the Learner First

Northumberland maintains a 'three-tier' system of first schools, middle schools and high schools across the whole county, something it has in common with only two other local education authorities in England. The council believes that one of the key barriers to pupils achieving their full potential is the current three tier system since pupils transfer in the middle of key stage 2 and then again in the middle of key stage 3. Another barrier is the quality of our school buildings. Not only do they have a high backlog of repairs and maintenance issues, many of our schools are also unsuitable to deliver a modern curriculum or to provide extended services to children and their families. Moreover, owing to shifts in demography the location of schools in some instances needs to be changed.

Like many areas in the country the school age population of Northumberland is rapidly falling, particularly in the rural areas, with surplus places projected to be almost 6000 by 2009.

Addressing the level of surplus places is a strategic issue for the county council since funding for schools is based upon the number of pupils in the system and not the number of places that are maintained. Therefore as pupil numbers decrease maintaining a high level of surplus places and maintaining too many school buildings represents a drain of scarce resources and therefore impacts on the level of resources available for teaching and learning. If the viability and sustainability of schools is to be maintained in Northumberland the strategic management of surplus places must be seen to be a strategic priority for the Council.

Given the context outlined the following are the key objectives for Northumberland's asset management plan.

- Raising the educational attainment of pupils particularly at Key Stage Two and at GCSE.
- Strategically reorganising schools to address surplus places and location issues
- Modernising the teaching and learning environments in our schools

Putting the Learner First is the Council's strategy to address these issues. Capital investment will therefore be targeted at initiatives which support these aims.

Whilst PLF mainly involves consultation on and potential development of major school reorganisations of entire school partnerships schemes which involve a smaller number of schools will also be considered. In particular schemes that involve groups of schools forming collaborations or federations will also be given consideration for capital investment, providing they meet the strategic priorities outlined above.

3. Modernisation of Schools

One of the strategic aims of Putting the Learner First is the modernisation of schools. It is well known that good school buildings contribute to raising standards. The state of school buildings and how they are used affects not only the day to day running of the school, but also the aspirations of the school community. Good quality buildings can support improving pupil performance. Poor facilities and poor access can act as barriers to achievement.

All proposed new build and remodelling of school premises will consider the recommendations and guidance provided in the document 'Children's Services School Design Review Criteria'. Attached as Appendix 2.

Where asset management data shows that there are significant condition or suitability issues in a particular school consideration will be given as to whether capital investment should be targeted to improve specific curricular areas as part of an overall package of support. However, schools will also be expected to direct their devolved formula allocations to support such schemes.

4. Management of Surplus Places

One of the overarching aims of PLF is to manage the level of surplus places in Northumberland. In addition to developing strategic proposals on potential reorganisations at the school partnership level it may be also necessary to reorganise or close schools at a more local level if surplus places prove to make a school or group of schools unviable. In such circumstances capital investment will be considered as part of the development of such schemes.

5. Value for Money

The commissioning strategy for the Families and Children's Trust highlights the need to commission services and use resources more effectively. In particular the commissioning strategy highlights the need to reduce current levels of expenditure on out of county independent special schools and reducing expenditure on children educated at settings other than schools. Therefore capital schemes that fit with the commissioning strategy and are aimed at reducing the county council's revenue expenditure will be supported.

6. Accessibility

It is a statutory requirement under the Disability Discrimination Act that all reasonable steps are taken to ensure that access to schools and the full curriculum is provided to disabled people. Northumberland County Council has a duty to have an accessibility strategy, with all schools having an accessibility plan in place, to ensure that accessibility to schools is provided. This is referred to as the planning duty.

In addition to this, there is a statutory requirement under the Special Education Needs Discrimination Act and in line with national inclusion policies, to ensure that reasonable adjustments are made to schools to ensure that pupils with specific special needs can be included within mainstream schools.

The Council has undertaken accessibility audits within each educational establishment and has a comprehensive understanding of disability access requirements in each property. Working together with schools the Council is continuing to invest in access projects to ensure that this programme will improve access to its schools.

7. Health and Safety

The removal of serious health and safety concerns in schools is of paramount importance. Promotion of health and safety is therefore a key priority of this Asset management Plan.

The Council is committed to ensuring the health and safety of staff and pupils is maintained. Capital investment therefore will be directed to schools to remove any items that pose an immediate high risk to the health and safety of occupants, or remedy a breach in legislation. Moreover, Schools Devolved Formula Capital should also be directed to addressing any issues which pose a health and safety risk in schools.

Significant progress has been made in the removal of asbestos, and the reduction of backlog condition work in schools throughout the County.

The security of schools is of a high importance and as such the County Council has invested resources in alarms, CCTV and door entry systems. Improved fire safety has been an important consideration, with the recent policy decision to fully consider the inclusion of fire suppression systems in all new build schools.

8. Extended Services Provided by Schools

Central government is encouraging all schools to provide access to a wide range of services such as parenting support, childcare, community learning, sport and cultural activities to their local communities. The government wants school buildings open from 8 am to 6 pm, at weekends and during school holidays. Children's Services will therefore develop specific asset management strategies in each school partnership area so that this access can be provided to local communities. In particular when substantial investment is made in school buildings they will be designed in such a manner so as to facilitate their wider extended use.

9. Integrated Teams

The council see its schools as being at the core of delivering the Every Child Matters agenda. The council strategy is to create an integrated team of FACT professionals e.g. social workers, community nurses, education welfare officers, educational psychologists, behaviour support etc. into each school partnership area. Teams can be based in or near schools. Each team will be managed by one individual to ensure co-ordination and integration does takes place.

The ethos of this strategy is that there should be 'No Wrong Door' for schools, parents or children to turn to if support or care is required. The development of an integrated team in each locality will also support schools in being able to provide the extended services core offer. It is envisaged that all schools provide extended services to some extent. In the medium term, the council aims to devolve more resources and power to each of the school partnerships so that they can own, lead and develop locality based children services for their local area.

Condition, suitability, sufficiency and DDA category definitions

1. CONDITION

- **PRIORITY 1** - Urgent work that will prevent immediate closure of premises, and/or address an immediate high risk to the health and safety of occupants and/or remedy a serious breach of legislation.
- **PRIORITY 2** - Essential work required within 2 years that will prevent serious deterioration of the fabric or services and/or address a medium risk to the health and safety of occupants and/or remedy a less serious breach of legislation.
- **PRIORITY 3** - Desirable work required within 3 to 5 years that will prevent deterioration of the fabric or services and/or address a low risk to the health and safety of occupants and/or remedy a minor breach of legislation.
- **PRIORITY 4** - Long term work required outside the 5 year planning period that will prevent deterioration of the fabric or services.

2. SCHOOL SUITABILITY

- **A - Unable to teach the curriculum** - This is most likely to be associated with numbers and types of teaching spaces available. There should be enough appropriate spaces to accommodate all pupils for the whole of the curriculum.
- **B - Teaching methods inhibited** - Unsuitability of spaces may mean that schools' preferred teaching methods are inhibited. This may be associated with numbers and types of teaching spaces, or with the size and other aspects of spaces.
- **C - Management or organisation of the school affected adversely** - Unsuitability of spaces and/or the way they relate to each other may effect the organisation or management of the school.
- **D - Pupil or staff morale affected adversely** - Unsuitability of spaces may affect pupil or staff morale or pupil behaviour.

3. NON SCHOOL SUITABILITY

- **A Good** – fully suitable to deliver services as intended.
- **B Satisfactory** – suitable but with minor elements of unsuitability.
- **C Poor** – exhibits major areas of unsuitability.
- **D Unsuitable** for service delivery.

4. NON SCHOOL SUFFICIENCY

- **A Good** – optimum provision for the delivery of the service.
- **B Satisfactory** – adequate provision with minor evidence of overcrowding or under utilisation.
- **C Poor** – the building is overcrowded or significantly under utilised.
- **D Unsuitable** for the existing use.

5. DDA

- **Access Rating A** - Physical building feature that makes it impossible or unreasonably difficult for a disabled person to use a facility or service. Item needs removal, alteration, avoidance or provision of the service by alternative means. This work is required to meet the requirements of the current legislation.
- **Access Rating B** - Physical building feature that should be improved in order to make it easier for a person with a disability to use a facility or service. Works to be carried out in the 'spirit' of current legislation and should be prioritised according to need and current situation.
- **Access Rating C** - Item should be incorporated into ongoing building maintenance/refurbishment plans to improve/upgrade access in order to meet the requirements of current legislation.
- **Access Rating D** - Building management/operation issue. Change policies/practices or procedures as soon as is practicable. It is reasonable to expect this to be carried out in order to meet the requirements of current legislation.