



AGENDA  
ITEM NO.:

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**JOINT REPORT OF THE DIRECTORS OF DEVELOPMENT AND CORPORATE SERVICES  
REPORT TO EXECUTIVE BOARD  
DATE: 9 FEBRUARY 2007**

**SUBJECT: CAPITAL STRATEGY AND ASSET MANAGEMENT PLAN**

**Electoral Wards Affected:**

**Specific Implications For :**

Ethnic Minorities

Women

Disabled People

**Executive Board Decision**

**Eligible for Call In**

**Not eligible for Call In (details contained in the report)**

**SUMMARY OF THE REPORT**

This report seeks approval to the Council's Capital Strategy and Asset Management Plan 2007/08.

The Capital Strategy shows how capital investment contributes to the achievement of the Council's objectives both in relation to asset management pressures from the current estate and also from emerging capital requirements identified through departmental and service strategies. The capital strategy also includes the mechanism for prioritisation of Council resources for competing capital projects.

In addition, the Asset Management Plan presents the revised position with regard to the pressures facing the Council's General Fund property portfolio. The highlights of the Plan include the continued reduction in essential backlog maintenance for the overall property portfolio and that the proposed expenditure has more than tripled for the five year Plan period. This is due to the Council's improved capacity to compete successfully for and deliver large scale development and use of its assets to promote economic and physical regeneration projects largely using third party funding such as PFI credits, lottery grants and public private partnerships.

## **1. PURPOSE OF THE REPORT**

- 1.1. The purpose of this report is to gain Executive Board approval to the Capital Strategy and Asset Management Plan 2007/08, which is appended to this report.

## **2. INTRODUCTION**

- 2.1. Members will be aware that since 2000 the Council has produced a Capital Strategy and Asset Management Plan. Its purpose is to provide an up to date plan setting out the Council's strategic objectives for management of its capital finance and land and property portfolios. These objectives are underpinned by the current Corporate Plan objectives to ensure that resources are directed towards the Council's strategic priorities.
- 2.2. Due to previous good performance, Leeds City Council is no longer required to submit its Capital Strategy and Asset Management Plan to Government Office and since 2005 Leeds has been a Beacon authority in relation to dissemination of good practice in asset management to other authorities.

## **3. THE CAPITAL STRATEGY**

- 3.1. The effective utilisation of capital resources will be fundamental to realising the Council's priorities as outlined in the Council Plan 2006/07. The capital strategy sets out the Council's approach to capital investment over the next five years and the framework through which the Council's own resources are allocated to its priorities. The capital strategy enables the Council to demonstrate that it has a transparent and robust approach to the management of capital resources.
- 3.2. The capital strategy shows how capital investment contributes to the achievement of the Council's objectives both in relation to asset management pressures from the current estate and also from emerging capital requirements identified through departmental and service strategies. The capital strategy also includes the mechanism for prioritisation of Council resources for competing capital projects. This scoring matrix is being updated to reflect the latest Council Plan information with regard to strategic outcomes and targets.
- 3.3. A key element of the capital investment framework is to ensure that the Council can maximise flexibility of its own resources to enable it meet its capital spending priorities. The majority of capital funding sources are tied to specific schemes or are provided by government and other external bodies to fund prescribed areas of capital investment and hence service targets. Capital receipts are the main funding source which remain fully flexible and as the number of key sites available to generate capital receipts diminishes, there is significant pressure to maintain an adequate level of flexible resources.
- 3.4. The capital strategy sets out the Council's policy on use of capital receipts to support new capital expenditure. The current policy seeks to ensure that receipts will not be ringfenced to specific schemes or areas unless the receipt:

- is required to cover legitimate decanting/replacement costs (for Community Centres this includes category 1 and 2 backlog maintenance); and/or
  - is generated from a specific site released by a school in which case the capital receipt is shared between the school and the Council in accordance with the policy agreed by the Executive Board in October 2002
  - is generated from Housing Revenue Account land following a proposal for disposal made by the relevant ALMO. Each proposal will be supported by an individual business case which will be considered by the Asset Management Group prior to seeking approval from the Executive Board.
- 3.5. Previously, capital receipts from HRA land disposals put forward by ALMOs, have been shared between the Council and the ALMO (60% / 40%). The change to this element of the policy means that receipts will not be retained by ALMOs as of right, but will be subject to the approval of individual business cases.
- 3.6. One further area of capital receipts allocation is also under review. This is the way in which capital receipts from Right to Buy sales are used by the Council. Historically these have been shared between HRA and the General Fund to fund the respective Capital Programmes. It is proposed that this arrangement is reviewed during 2007. Levels of Right to Buy receipts have fallen significantly in recent years and it is necessary to review their use and to establish a consistent framework across all Council services for the prioritisation of capital spending plans. The outcome of this review will be reflected in the 2008 capital strategy.

#### 4. **ASSET MANAGEMENT PLAN**

- 4.1. Like the Capital Strategy, the Asset Management Plan of the Council is a corporate planning document which highlights existing pressures in the land and property portfolios and outlines proposed solutions to address the issues identified. Often proposed solutions have a clear capital implication, hence the strong link between the two documents.
- 4.2. Essentially, the Asset Management Plan updates issues affecting the land and property portfolio in two areas, namely:
- (a) Backlog maintenance, which has reduced since last calculated in January 2005.
  - (b) Growth aspirations, which are not funded in the Capital Programme at present, but where funding sources have been identified.
- 4.3. The financial summary position of the Council has been updated to reflect the results of 1,045 condition surveys completed, recent capital investment into the portfolio and the further development of departmental asset management plans. Accordingly, the Asset Management Unit of the Council has estimated the amount of essential maintenance in the General Fund portfolio to be £89.68m. In comparison the same figure for November 2005 was £97.47m. In

addition, the Asset Management Plan has been updated to reflect a number of significant growth areas identified in departmental asset management plans, which have funding streams identified, but have as yet not been secured. Also, in a number of instances, growth aspirations that were previously unfunded have now secured sufficient finance and have therefore been removed from future pressures.

- 4.4. Consequently, the total additional capital requirement to finance the Asset Management Plan now stands at £1036.49m in January 2007 as opposed to £291.61m in January 2005.
- 4.5. The main areas of change that have resulted in this overall variation in the Asset Management Plan are detailed below. The proposed expenditure has more than tripled due to the Council's improved capacity to compete successfully for and deliver large scale development and use its assets to promote economic and physical regeneration projects largely using third party funding such as PFI credits, lottery grants and public private partnerships.

#### Changes from the Council's last Asset Management Plan

Service Area	Total Additional Capital Required £m	
	January 2005	January 2007
Education Leeds	37.81	37.64
Social Services	64.14	25.15
Learning and Leisure	103.42	128.22
Chief Executives	2.03	0.25
Development	14.52	119.45
City Services	27.29	471.50
Neighbourhoods and Housing	12.52	197.89
Other	29.88	56.39
<b>Total</b>	<b>291.61</b>	<b>1,036.49</b>

- 4.6. In summary the factors that have resulted in the major changes highlighted above are:
- (a) Social Services were successful in securing £60m of PFI credits for the Independent Living Project to re-provide old style hostel accommodation into small group homes and independent living units for vulnerable adults. The scheme has therefore been removed from the present plan. In terms of new pressures, Childrens Services would like to replace the Eastmoor Secure Unit for young offenders at a total cost of £21.50m because the present facility is unlikely to meet new registration standards and has no

provision for girls. This is not a statutory function and a full option appraisal is required before seeking corporate support and funding for this.

- (b) Within Learning and Leisure, £30m of PFI credits have been secured by the New Leaf scheme for replacement of Morley and Armley Leisure Centres. New growth proposals include further refurbishment proposals for major heritage projects for Municipal Buildings, Grand Theatre (phase 2) and City Varieties costing £55m. Also the Outdoor Playing Pitch Strategy has been developed which needs an estimated £40m.
- (c) In the Chief Executives Department, funding for the new customer contact centre and refurbishment of a number of one stop centres has been secured and schemes completed.
- (d) The Development Department is actively seeking partners to develop economic well being through City centre public realm improvements, Kirkgate Market development, an Arena, Holbeck Urban Village and enterprise business units.
- (e) City Services proposals include a bid for over £130m PFI credits and £18.7m of borrowing for an Integrated Waste Management scheme to invest in a range of facilities for processing municipal waste to meet long term recycling and landfill diversion, CO<sub>2</sub> and energy objectives. Another PFI bid for £290m credits is in respect of highway maintenance for principal road maintenance (including £100m in respect of Leeds Inner ring road structures on behalf of Development Department). District roads still need continued investment in backlog maintenance.
- (f) Neighbourhoods & Housing general fund regeneration proposals include the use of Council assets to maintain the bid for £89m PFI credits in Beeston Hill & Holbeck and creation of a joint venture company to invest £85m within the plan period in the EASEL area of East Leeds.

4.7. In order to address the funding requirement of £1,036.49m a mixed funding solution is proposed over the 5-year life of the Asset Management Plan. The funding solution outlined in the Plan is highlighted below together with the position for January 2005:

<b>Source of Funding</b>	<b>January 2005 £m</b>	<b>January 2007 £m</b>
Mainline Capital Resources	80.31	122.29
Additional Capital Receipts	60.55	74.92
Revenue Contributions	22.01	28.70
Third Party Capital	128.74	810.58
<b>Total</b>	<b>291.61</b>	<b>1,036.49</b>

4.8. As can be seen from the information highlighted above, there has been a large increase in the amount of third party capital forecast as part of the overall funding mix, which is largely a reflection of the Council's increasing capacity to compete for and deliver large scale development and regeneration projects in partnership arrangements through PFI or Joint Ventures. In addition, revenue contributions are forecast to increase as a reflection of the Council's ability to undertake unsupported borrowing from 1<sup>st</sup> April 2004.

- 4.9. Growth aspirations identified in the Asset Management Plan will be subject to the Capital Programme approval process outlined in the Capital Strategy, which includes the Capital Programme review included elsewhere on this agenda.
- 4.10. During the coming months it is proposed to develop an area based asset management plan for EASEL in order to co-ordinate the use of Council assets both corporately and with those of our partners to maximise regeneration and other benefits in line with corporate and local objectives.
- 4.11. The Asset Management Plan has previously focussed on the General Fund portfolio issues. However HRA land is recognised as a corporate resource in the Capital Strategy, which is of importance for regeneration, affordable housing and capital receipts. Therefore the Asset Management Unit will also support the Neighbourhoods & Housing Department in integrating ALMO business plans into its departmental asset management plan, which can then be incorporated into the next corporate AMP.

## **5. RECOMMENDATION**

- 5.1. Members are requested to approve the Council's Capital Strategy and Asset Management Plan attached as Appendix 1.

## **6. BACKGROUND PAPERS**

- 6.1. Capital Strategy and Asset Management Plan 2007 / 08 – Appendix 1 attached
- 6.2. Asset Management Plan Solutions Matrix 2007/08 to 2011/12 – Appendix 2 attached
- 6.3. Asset Management Performance Data

**CAPITAL  
STRATEGY  
AND  
ASSET  
MANAGEMENT  
PLAN  
2007/08**

## Capital Strategy 2007/08

1. **The Capital Strategy** outlines Leeds City Council's approach to capital investment over the next five years as part of the Government's Single Capital Pot process.
2. Leeds is the capital of the Yorkshire and Humberside region, with the council playing a pivotal role in the future development of the city. The role of the council is enshrined in the council's mission statement which is:  
  
"to bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds".
3. The effective utilisation of the council's capital resources will be fundamental to realising the above mission statement and in particular, the five service strategic outcomes outlined in the Council Plan 2006-07.
4. **These strategic outcomes are:**
  - all neighbourhoods are safe, clean, green and well maintained;
  - all communities are thriving and harmonious places where people are happy to live;
  - our children and young people are healthy, safe and successful;
  - at each stage of life people are able to live healthy, fulfilling lives;
  - Leeds is a highly competitive international city.
5. The Council Plan promotes the idea of "closing the gap" between those who have shared in the success of the city and those who have not. It has been profoundly informed by the overarching "Vision for Leeds". The plan also confirms the council's support for the Leeds Neighbourhood Renewal Strategy, which clearly maps out the city's commitment to narrowing the gap between the most disadvantaged neighbourhoods of Leeds and the rest.
6. The Vision for Leeds 2004 to 2020 is the community strategy for the city and is based on the principles of sustainable development – making sure everyone has a better quality of life now and for generations to come. The development of the Vision for Leeds included extensive consultation with other agencies, the voluntary and private sectors and Leeds residents, and provides the partner organisations with a common framework to express their aims and targets for improving the city. The document was developed by the Leeds Initiative in partnership with a range of organisations including the council, the Leeds Chamber of Commerce, the Leeds Primary Care Trusts, the colleges and universities of Leeds, the West Yorkshire Police and the West Yorkshire Passenger Transport Executive. The aim is to update the Vision for Leeds every five years.
7. In addition to the Council Plan Vision themes, the council has capital spending needs in relation to the condition of existing assets, and the requirements for these are set out in the Asset Management Plan. Similarly, it is recognised that capital investment is required to meet the council's responsibilities to address access issues as a result of the Disability Discrimination Act 1995. A policy statement on these issues has been developed following a consultation exercise with the council's Access Advisory Group.
8. The effective management of capital resources is key to the delivery of the council's priorities and the capital strategy sets out the framework through which the council's own capital resources are allocated to meet council priorities.
9. **Key Area of Capital Expenditure**  
  
There are a number of key areas of capital expenditure within the authority, namely:
10. Education – education is acknowledged as the council's highest priority. Currently the council's asset management plan estimates that it needs to invest some £37.64m into school buildings to address essential backlog maintenance. Added to this, the council needs to improve the suitability and sufficiency of the school estate. In order to address the significant suitability and sufficiency issues which exist, Education Leeds is undertaking a holistic review of primary provision in Leeds with a view to removing surplus places and improving the quality of school accommodation across Leeds. A review of secondary and post-16 provision has also taken place and contributed to the council's inclusion in the first wave of the government's Building Schools for the Future programme which seeks to nationally refurbish the whole of the secondary estate. The implications for the national agenda for extended schools is currently being assessed and proposals will be developed to ensure that early years and adult learning ambitions across the city are realised.
11. Children's Services and Adult Services – the creation of the Children's Services and Adult Services departments in the council from 2006 and 2007 respectively will refocus council provision of services across the city. Collectively these services maintain a portfolio of some 230 properties and provides support in a safe and secure environment for the following groups:



- children and families;
  - people with physical disabilities and sensory impairment;
  - older people;
  - people with learning disabilities;
  - people with mental health problems;
  - field work and support teams.
12. The condition survey programme of this property portfolio has indicated that it needs some £3.65m of capital investment to address essential corrective maintenance issues. This situation needs to be considered within the context of the new policy guidelines which encourage councils to promote independent living, care for vulnerable people living in their own homes and to meet new care standards. To this end the services will aim to:
- ensure that its capital expenditure on in-house residential services is directed at meeting new registration standards for those establishments where the local authority needs to maintain a presence in the market either to assist in market management, as in homes for older people, or as a specialist provider such as provision for elderly mentally infirm;
  - develop partnership arrangements with other sectors to support care strategies to provide independent living opportunities particularly in services for people with learning disabilities, physical disabilities, mental health and older people as an alternative to residential care;
  - ensure that property held is accessible, suitable for purpose and meets appropriate environmental and health and safety standards. This approach supports access for all through the development of locality based services with internal partners and with Health Trusts;
  - adult learning disabled and mental health services have secured some £60.0m of PFI credits for re-providing old style hostel accommodation into small group homes and independent living style units;
  - Children's Services have secured some £5.0m of PFI credits for provision of two new units for 14 to 18 year olds with severe challenging behaviour.
13. Housing – In response to the government housing policy statement 2001 and the national strategy for neighbourhood renewal, a full appraisal of housing investment requirement and service delivery were undertaken which established an investment requirement of £858m.
14. For council housing stock, local management is being undertaken by arms length management organisations (ALMOs), whose boards comprise of elected tenanted representatives, council representatives and independent members. These six ALMOs commenced operations in February 2003 and are based in East, North East, North West, South, South East and West Leeds. The decision in 2006 to reform the Leeds ALMOs into three organisations will be progressed, to streamline the management and operation of the stock of council houses. The new ALMOs are to be based in South and South East Leeds, North West and West Leeds and North East and East Leeds.
- In order to meet the initial investment need of £858m, capital resources of £382.4m have so far been secured from Government, up to and including 2007/08 to bring properties up to the "decency" standard.
- For private sector housing it is recognised that available resources need to be used in a more targeted way to ensure that the intervention sought by the council is effective in dealing with poor housing conditions, to help regenerate communities and to meet the most pressing needs of vulnerable people and households. In addition, the council is seeking a regeneration development partner in East and South East Leeds to deliver significant investment in private and public sector housing and to deliver targeted regeneration investment across that area of the city. Other delivery vehicles will be considered to ensure regeneration potential across the city is realised. The council will seek to include the procurement of local resources and the provision of training and employment opportunities through these vehicles.
15. Transport – The council's highway maintenance policy statement and plan, which is a systematic approach to maintenance management, shows that at the end of September 2006 £68.06m was required to bring the streets to the required condition. In addition, there is significant investment required in public lighting for which the Council has secured £94.6m of PFI credits and has engaged a contracting partner to bring the lighting columns and illuminated signage up to approved standards. Two major highways schemes are now being delivered in the city using a variety of funding sources, the final stage, stage seven, of the Leeds inner ring road, and the east Leeds link road. Future developments are likely to include a PFI scheme involving the maintenance of the main road network (mainly A roads) and new proposals for a [mass transport system – trolley bus/FTR]
16. The Council also has substantial capital investment requirements in the following service areas.
17. Learning and Leisure – Learning and Leisure plays a leading role in the provision of cultural, sporting and recreational opportunities and the management of the city's heritage and environmental assets. The portfolio of 987 properties is diverse as a consequence of its extensive service provision. The portfolio ranges from imposing heritage properties, with those in the city centre forming the cultural quarter, major sports facilities including the new Swimming and Diving Centre currently in construction, community

libraries and recreational sports pavilions. The current estimate for backlog maintenance of £23.65m is to sustain an adequate range of facilities to satisfy an increasingly demanding customer base and to avoid closure and service curtailments. There has recently been confirmation from the DCMS awarding £30m PFI credits to 2 new Sports Centres in Armley and Morley. The portfolio also includes 4,000 hectares of parks and greenspace, which represents one of the City's most important recreational features, for which enhancement strategies have been developed with a view to identifying future funding solutions.

18. Waste Management – The council's Waste Management Strategy 2006 identifies that significant waste management infrastructure investment is needed to ensure the council meets national commitments to the efficient and effective management of future waste in the city. The preferred vehicle for this would be through a public private partnership and is likely to include funding through the private finance initiative. The infrastructure investment is estimated to be in excess of £130m. Local authorities and businesses are now obliged to act to promote and undertake positive change, re-use, recycling, composting, recovering and disposal.
19. Customer services – The council has received an indicative allocation of £15.7m in PFI credits to enhance the provision of One Stop Centres to meet its face to face contact strategy. The Access to Services Best Value Review identified the need for a new corporate contract centre which has now virtually been completed and in addition there is a need to provide further customer contact points within a number of communities.
20. **The Council's Approach to Funding Capital Investment**
21. Given the extent of the Council's future capital requirements, it is clear that the Council will need to maintain innovative procurement methods and a robust and rigorous approach to the management of its capital and assets in order to deliver its key objectives.
22. **External Grants and Contributions**
23. Some capital projects are financed through external grants and contributions which are specific to projects and cannot be used for other purposes. Some examples of these would include grants from central government, National Lottery funds, the European Union and other agencies such as Yorkshire Forward, and contributions from private sector companies and developers.
24. Grants from external organisations are a valuable source of capital finance for the Council and have enabled the Council to realise a substantial number of capital developments that would otherwise have been unable to progress. Recent National Lottery awards have included £5.0m towards the development of a new swimming and diving centre at the John Charles Centre for Sport. The Council will continue to explore and embrace cost effective opportunities for grants from external bodies. However, as support through grants cannot be accurately predicted into the future the Council recognises that it cannot depend on this source.
25. **Borrowing**
26. A large proportion of resources used to finance the Council's capital expenditure comes from borrowing. Most of this borrowing is supported by Government departments as they provide the Council with revenue resources to pay borrowing costs. The level of supported borrowing which government departments agree is usually determined in relation to service bids submitted by the Council, for example, the Housing Business Plan, the Local Transport Plan and for Education through submission of demographic projections and the Education Asset Management Plan. Where a government department considers the bids and plans to be satisfactory, the borrowing they support will usually be in the form of Single Capital pot allocations. The Council is free to use this allocation to support its own priorities, although there is clearly an expectation from government departments that the Council will meet relevant targets and priorities for which the resources are provided. It is the practice at Leeds to passport these resources through to the relevant services to meet the needs identified within their respective bids. A small amount of borrowing approval is received in respect of Adults, Children's and Mental Health services and from 2007/08 this will also be passported to these services.
27. From April 2004, the Council is also now free to borrow additional resources to finance capital expenditure, subject to the requirements of the Prudential Code for Capital Expenditure in Local Authorities. This form of borrowing is unsupported and the Council must ensure that decisions to raise additional resources from this source are prudent and affordable. This gives the Council an opportunity to use borrowing where it is more cost effective than existing funding sources and also gives real choices in terms of whether revenue resources are used to fund direct service delivery or the revenue costs of borrowing for capital investment. A business case approach for each proposal to use this source of funding has been adopted by the Council. In addition, unsupported borrowing has been used to fund capital expenditure in advance of future capital receipts being realised.

## 28. **Capital Receipts and Revenue Funding Sources**

29. The Council also generates its own capital resources through the sale of surplus land and buildings and these resources can be used by the Council to invest in new capital projects. The Council seeks to maximise the level of these resources which will be available as a flexible resource to support Council Plan priorities.
30. The Council can also use revenue resources to fund capital projects, although revenue budgets within the Council have come under increasing pressure over recent years, limiting the ability to make revenue contributions to capital. Given the pressures in the Council's Financial Plan, there are no proposals to provide significant revenue resources to directly fund capital expenditure.

## 31. **New Sources of Capital Funding**

32. The Council will continue to examine the potential for resolving the shortfall in available capital funding through the use of new delivery vehicles. These include: significant additional government support through the Private Finance Initiative (PFI); through public private partnerships; joint venture companies such as the NHS LIFT (Local Improvement Finance Trust); and through development partnerships.
33. The Council has dedicated resources managing a range of schemes through PFI which have already delivered significant investment in schools, public lighting and social housing. Further schemes in development or procurement currently include:
- four schools being delivered through the first stages of the Building Schools for the Future programme;
  - two Housing schemes are being progressed: one in Little London with 1,100 dwellings for £45m in PFI credits
  - a scheme to provide independent living housing for people with learning disabilities is being developed and has £60m in PFI credits
  - a scheme to provide two new units for 14 – 18 year olds with severe challenging behaviour has £5m in PFI credits
  - a scheme to provide three Joint Service Centres, which will be delivered through the Leeds LIFT, has support of £15.7m in PFI credits.
34. The Council is a shareholder in the Leeds LIFT Ltd. company in partnership with the Leeds Primary Care Trust, Partnerships for Health and a private consortia, Primeria. This joint venture aims to deliver improvements in the quality of the primary care estate, and the council will consider on a case by case basis, whether this route offers value for money in delivering facilities for council services which are complimentary with primary care provision.
35. In Education, the Building Schools for the Future initiative will lead to a joint venture partnership with the private sector to deliver the refurbishment of the whole of the secondary schools estate commencing in 2007.
36. The council recognises that certain services have greater potential for attracting capital finance from external sources. By operating the principles of Best Value, the council will seek to implement an appropriate mix of capital investment solutions to enable capital budgets to be aligned to meet all of the council's priorities. An important aspect of this approach will be the need to balance any risks identified with any single delivery vehicle while finding an optimum number of vehicles to avoid too many set up costs.
37. The council aims to ensure that it will maximise the opportunities to attract partnership or third party funding and will focus the use of its own scarce capital resources to provide public assets where these alternative funding sources are not available.
- ## 38. **Governance arrangements**
39. The development, control, management and delivery of capital investment programmes are a key concern to the council, to ensure that public money is used wisely, best value is secured and the responsibility for decisions is clearly understood and taken at the right level.
40. In managing the aspirations for capital expenditure from council departments and from its partners, it is inevitable that demands for capital resources to meet capital investment needs and ambition will exceed the resources available to the council. The council already has established robust mechanisms, for the approval and management of capital schemes but it is now seeking to go further to implement best practice in areas including programme management, project management standards and enhanced gateway reviews. This initiative, under the delivering successful change project, will build on the current approval arrangements which are outlined below.

#### 41. **Business Cases for Projects**

A project justification and scoring system was first introduced in 1998, and provides a means of ensuring that new capital projects are appraised on a consistent basis and are aligned to the strategic outcomes set out in the Council Plan. This process is now well established. New schemes are subject to assessment via the project scoring model which has Executive Board approval. In assessing how a capital solution can be designed to meet business needs which arise, the council uses a business case approach to assist decision making. The project justification or outline business case stage requires departments to set out the key drivers and considerations for any project to allow decision making to be informed on key issues, this also ties in with the establishment of project management standards. Key areas the proposals must identify include, how they are meeting the council's strategic outcomes (including departmental and service objectives), how they affect the council's Asset Management Plan and identification of the main environmental considerations for the project.

#### 42. **Options Appraisal**

The council uses options appraisal and other suitable investment appraisal techniques as part of the business case process to assist decision making. At outline business case stage departments will use options appraisal to determine the capital solution which best meets the service need and which is most affordable and provides best value. The assessment compares the benefits and drawbacks of different options and quantifies the options available to the council when a new business need has been identified, so that the most suitable solution is pursued taking account of risks and possible changes.

By using this process at the time of the capital programme review it is possible to compare projects and inform the decision making process in terms of which projects are included in the Capital Programme.

#### 43. **Managing the Capital Programme**

The council will continue to maintain comprehensive and robust procedures for managing and monitoring its Capital Programme. The development of the programme will continue to be led through the Corporate Services department, in consultation with the Asset Management Group, which meets on a monthly basis and is chaired by the council's Deputy Chief Executive. In addition, the ongoing review of specific capital projects will continue to be monitored on a corporate basis by the council's Capital Resources Group, chaired by the Chief Officer, Financial Development and including representatives from Asset Management Unit (Development department) and the Corporate Procurement Unit (Chief Executive's department). Regular reports on the Capital Programme expenditure and funding position are considered each month by the director of Corporate Services as section 151 officer. The position is also regularly reported to the council's Corporate Management Team and Executive Board.

#### 44. **Revenue Implications**

The council recognises that the lifetime revenue implications which flow from capital projects can, in many instances, overshadow the original investment decision. In view of this situation the council currently evaluates the revenue implications of capital projects via its project justification process. The introduction of the options appraisal methodology for larger investment projects seeks to ensure that the ongoing revenue costs of a capital investment project are fully known, form part of the financial evaluation and are built into the council's Financial Plan.

#### 45. **Procurement**

Given the scale of the capital works undertaken each year by the Council, it is important that an efficient, effective and economic approach to procurement of these works is in place. Consequently, the Council has adopted a procurement policy which sets out its commitment to:

- socially responsible procurement;
- efficient and effective procurement; and
- efficient and effective supplier management.

The Council is also progressing in its work to incorporate best value principles and the proposals from the Egan report on "Re-thinking Construction". There is a need to continue to develop a new Construction Procurement Strategy and resources on construction best practice, seeking to raise and set standards across the industry in developing and managing construction need and projects. The council works closely with the Constructing Excellence organisations.

The Council continues to explore procurement opportunities in accordance with these principles with recent examples including:

- Primary Schools Review construction contracts;
- the Leeds Inner Ring Road Stage 7;
- new sports facilities funded through the new Big Lottery Fund;
- the new Hunslet Primary School.

#### 46. Performance Measurement

The management of capital schemes across the council, including the assessment of scheme delivery has been enhanced by use of project and programme boards. The boards bring together officers from a range of disciplines, legal, financial, project management, and relevant construction professions to assist in the delivery of schemes on time and to budget. The boards receive regular reports on the management and delivery of schemes by officers and are responsible for front line decision making as delegated under constitutional arrangements.

Where the council delivers schemes in partnership, with Yorkshire Forward or other funding or delivery partners proper reporting and claim procedures are also followed.

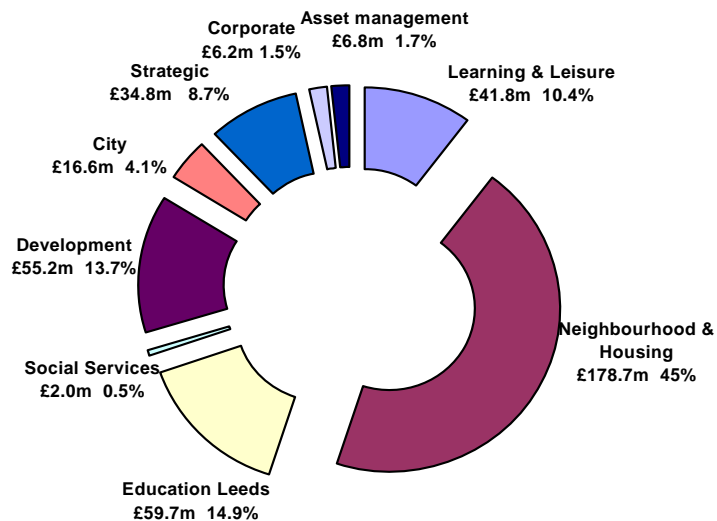
The Council has adopted the DCLG construction industry Key Performance Indicator, produced in response to the Egan report, for monitoring performance in respect of capital projects. In particular, the Council calculates the DCLG's time and cost predictability indicators as part of its Asset Management Plan. These indicators will be used as a means of measuring performance on the time and cost predictability of capital projects on an annual basis. Performance in respect of time and costs is also compared with other local authorities through benchmarking with the Core Cities group.

#### 47. Capital Spending Proposals

The council's 3 year Capital Programme was approved in February 2006. Regular reports are provided to the Executive Board, in June (on the outturn position for 2005) in August (to provide an update on spending progress), in November 2006 to explain the half year position and in February 2007 to set the revised Capital Programme 2006 to 2010.

In addition to the Capital Programme, the council's Asset Management Plan has considered the longer term investment needs of the Council's property portfolio up to 2012. A breakdown of the programme expenditure for 2005/06 is detailed [opposite.]

Breakdown of Capital Programme by Area of Spend 2007/08 Budget



#### 48. Links to Partners

49. Leeds City Council has a strong track record of partnership working in the development and procurement of capital projects. This is a growing area and the council is actively promoting community involvement and working with other agencies to maximise the impact of the Council's capital resources. The council is also seeking to address key issues such as community cohesion and safety or poor health, with a view to closing the gap between those who have shared in the success of the city and those who have not.

50. The council has now adopted as its community strategy the Vision for Leeds which it developed with its strategic partners across the city. Examples of partnership projects across a range of service areas directly linked to meeting corporate and partner objectives, include:
51. Health – schemes delivered through the Leeds LIFT Ltd partnership including joint schemes in Armley and Woodhouse providing primary care trust services and council early years and social care services. The Adult Services' department continues to work in close partnership with the acute and primary care trusts and housing associations, to develop the provision of services for older people.
52. Education – education services for schools are delivered for the council in partnership with the wholly owned company Education Leeds. The council is also tying growth in early years provision to both the review of surplus places in primary schools and the lifelong learning and extended schools agendas in developing in terms of child care facilities through integrated children's centres, and care through schools and extended schools. Growth in early years provision is undertaken in partnership with the private sector and relevant voluntary sector bodies.
53. Transport – the council is currently in partnership with the West Yorkshire Passenger Transport Executive to deliver significant enhancements to public transport. These include the quality bus initiatives enhancing bus access through strategic corridors and reviewing strategic options for future passenger transport in the region. Partnerships also exist with private sector bodies, the bus companies Arriva and First Bus to enhance the quality of mass transit in the city.

54. Culture

Major investment in the cultural facilities in the city has been made possible from funding from the Heritage Lottery Fund (HLF) and other partners. The restoration projects for Kirkstall Abbey and Roundhay park are now largely complete and significantly enhance the visitor experience of these well loved public parks. The council, with support of £19m from the HLF is creating a new Museum and has recently completed the new Carriageworks theatre, both on the Millennium Square in the cultural quarter. In partnership with the Grand Theatre company, Opera North, Arts Council England and HLF, phase one of the Transformation project for the Leeds Grand Theatre has been successfully completed, creating a new home for Opera North and substantially refurbishing the fabric of this prized cultural asset. The council is working with its partners to develop phase two of this project which will bring the Assembly rooms back into use and raise the offer to customers and visitors.

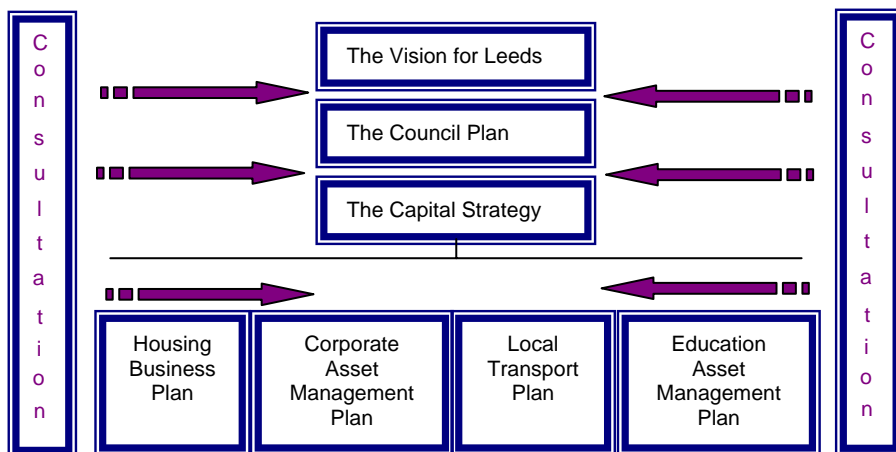
55. Community Safety

The Council continues to develop strong links with the West Yorkshire Police in the delivery of the city's Community Safety Strategy.

56. Housing – the management of the Council's council houses is now delivered in partnership with its Arms Length Management Organisations. In addition, the Council continues to work with registered social landlords through the Leeds Housing Partnership to deliver the Housing Strategy 2002/03 – 2006/07 with the key aims: to provide and maintain decent housing; to support the creation and maintenance of decent neighbourhoods; to help create community cohesion and support communities to be healthy and confident; to deliver high-quality services that residents want and are satisfied with; and to sustain healthy, accessible housing markets.
57. City Centre – the Council is conscious of the need to measure its performance in influencing other agencies to invest in the city centre. Consequently, the Council Plan 2004/05 includes an improvement area to develop a city centre of European distinction through partnership working with the private sector in the Harewood and Trinity quarters and on the Sovereign Street developments. With support from Yorkshire Forward, the council is also investing in the street scene of the main retail and commercial centre of Leeds, with the refurbishment of the public space in Park Square and Merrion Gardens and the main pedestrianised centre to the streets around Briggate and Albion Street. Briggate was recently given a substantial make over to establish it as one of the primary retail offers in the city.

58. **Links to Other Strategies and Plans**

Over the past few years, Leeds City Council has placed a strong emphasis on the development of its planning framework. As previously noted, the 'Vision for Leeds' acts as the community plan for the city. Sitting beneath this, the Council's Corporate Plan details how the authority intends to address the issues raised by the people of Leeds through the consultation for the Vision. A diagram of the Council's planning framework with respect to capital investment is shown below:



Fundamental to the effectiveness of this planning framework is the need to ensure that the Capital Strategy adopts an approach that is consistent with the Community Strategy and the Council's key planning documents. Accordingly, Leeds City Council will continue to maintain a corporate approach to capital spending and the strategic management of its assets. Such an approach will be evident in key planning documents such as the Best Value Performance Plan, the Housing Investment Plan, the Financial Plan and the Asset Management Plan.

#### 59. Disposal Strategy

60. Capital receipts from the sale of council land and property has proved to be a significant source of capital funding over the past six year period. The council generated £62.70m from capital receipts in 2005/06 alone. However, partly due to the success of past capital receipt programmes, the Council now has a diminishing number of properties and sites that can be brought forward for disposal. The major sites that can be brought forward for disposal can often be high risk and can take a number of years to reach completion. The forecast for land and property capital receipts for 2006/07 to 2009/10 is £104.9m of which £56m is accounted for on 6 high value disposals.
61. In addition to land and property disposals the Council, along with the four other West Yorkshire Districts is disposing of its interests in Leeds Bradford International Airport. The capital receipt arising from this disposal will be used to finance the Council's capital spending priorities through the capital programme.
62. The Council's Asset Management Plan also assumes that, given the need for additional capital resources over and above its £50m forecast for the period 2009/10 to 2011/12, the Council has set specific and general targets for the rationalisation of a further £15m of operational and investment properties over a five year period, to help support future capital spending.
63. In order to ensure that the Council retains maximum flexibility on all capital receipts, the circumstances in which capital receipts can be ring fenced to specific schemes are restricted to the following:

The Council will only ring fence capital receipts to specific schemes, where the receipt:

- is required to cover legitimate decanting/replacement costs<sup>1</sup>; and/or

<sup>1</sup> In the case of Community Centre disposals, this includes use of the capital receipt on meeting category 1 and 2 backlog maintenance on other community centres within the same area.

- is generated from a specific site released by a school in which case the capital receipt is shared between the school and the Council in accordance with the policy agreed by the Executive Board in October 2002<sup>2</sup>.
  - is generated from Housing Revenue Account land following a proposal for disposal made by the relevant ALMO. Each proposal will be supported by an individual business case which will be considered by the Asset Management Group prior to seeking approval from the Executive Board.
64. Quite often where ringfencing arrangements are in place, it is necessary to incur expenditure on a scheme in advance of the receipt being generated, for example, asset rationalisation schemes. This places a cash flow pressure on the capital programme in that other resources have to be found to fund expenditure temporarily until the capital receipt is received. As general capital receipts decline, it is not possible to do this by using general capital receipts and therefore the only way to fund the cash flow effect is through unsupported borrowing, the costs of which fall to the revenue budget.
65. It is proposed that for any new proposals for which temporary borrowing would be required, the costs of cash flow should form part of the business case for the proposal. In addition, the costs of the borrowing should be borne by the respective departmental revenue budget in proportion to their use of the receipt. It is recognised that in some circumstances there may be a corporate imperative to implement a capital project which may result in cash flow implications for the Council. However, it may not always be appropriate to ask the service department to bear the revenue consequences of the proposal, particularly where the drive for the project is corporate rather than departmental. In such circumstances the revenue costs will be considered on a case by case basis.
66. The strategies to achieve the Council's rationalisation proposals are detailed in the Council's Asset Management Plan, and are based on the principle of "challenge for change" including adopting new working practices and new methods of service delivery. To support this objective, the development of a methodology for appraising the performance of the investment portfolio will help to identify investment properties that are under performing and can therefore be released to support the achievement of rationalisation targets.

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2 Any school wishing to offer a part of their site for disposal is guaranteed a minimum of 30% of the net receipt realised by the Council.

The donor school is obliged to undertake any Priority 1 works (imminent) identified at their site from their proportion of the receipt realised prior to undertaking any other development projects. In addition following advice from Education Leeds, the Council could, at its sole discretion, identify any further priority works that need to be undertaken at the school. In instances where the release of the land is subject to the approval of an external organisation (e.g. Sport England), then any essential requirement from that organisation will make first call on the capital receipt.

Delegated approval was given to Director of Corporate Services to approve up to 50% of any capital receipt to be used by the school to address asset management issues on their site. In instances where a proposal is made to allocate more than 50% of the receipt to the donor school then Executive Board approval would be required. The relevant Executive Member must be consulted on all proposals prior to any delegated decisions being made.



# ASSET MANAGEMENT PLAN 2007/08

## BACKGROUND

1. This document outlines Leeds City Council's approach to asset management, and highlights the considerable progress that it has made since the publication of its first Asset Management Plan in November 2000. Because of the scale of the issues involved in reconciling backlog maintenance and growth aspirations against future resources, a ten year plan was adopted initially, however because of the progress made and the approaching end of the plan period, a new five year planning period has been adopted up to 2012.
2. Because Leeds is a Metropolitan Authority, it is responsible for delivery of the full range of local authority services and as a consequence, it is the largest property owner in the district. Its very substantial property portfolio includes 9,700 hectares of land and property with a combined asset value of £3.33 billion. This includes a general fund asset value of £1.28 billion comprising 2,200 operational properties and a housing revenue account asset value of £2.05 billion made up of 60,000 social housing units, for those who are unable to get onto the ownership ladder. On this scale of property ownership and with the very wide range of service delivery objectives, it is essential that a robust asset management planning process is in place to align and prioritise resources for achievement of corporate objectives in the most effective way.
3. Detailed in this Plan is the Council's approach to asset management both at a corporate and at a departmental / service level.

Specifically, this Plan:

- Provides an overview of the Council's corporate priorities.
  - Details the extent and nature of the Council's current asset portfolio and highlights the extent of the current maintenance backlog.
  - Considers the future issues that the Council will have to address if it is to realise the key objectives of the Corporate Plan and reduce the maintenance backlog identified. In addition, the implementation of the Council's Best Value Review of Asset Management is also considered.
  - Highlights the considerable progress made by the Council in terms of effective asset management since November 2000.
4. In addition to the points detailed above, this plan also considers the implications for future capital expenditure as highlighted in the Capital Strategy and the need for the Council to consider new and sometimes innovative methods of service delivery to realise its capital investment needs.

## EXTERNAL ASSESSMENT

5. In December 2005 the council was assessed by the Audit Commission for the first time under the new Comprehensive Performance Assessment (CPA) framework, 'CPA - The Harder Test', as a four-star council which is 'improving well'. Four stars is the highest rating possible and shows the Council's commitment to continuously improving its services. In support of service improvement, very positive inspection results for the 'Use of Resources' section were received, which included Asset Management as part of the Financial Management theme. The Audit Commission has repeated its maximum score of four for Asset Management in the 2006 round of CPA.
6. The Council has built on its 2005 Beacon Award for excellence and innovation in Asset Management by securing its seventh consecutive Beacon Award in 2006 for 'Delivering Quality Services Through Procurement'. Its importance for asset management includes, contributing to more efficient and effective services, electronic procurement and effective partnership working. Leeds is one of only two councils nationally to achieve awards in each of the seven rounds so far and is shortlisted in Beacon round eight for 2007 for 'Healthy schools - promoting financial inclusion and tackling over-indebtedness'.
7. In the field of Private Finance, the Council won two awards; Best Public Sector Project Team and Best Government Agency Team for its 'strong leadership, technical expertise and understanding of how private firms operate'. Leeds was the only public private sector participant to win two awards. This is important for asset management to ensure effectiveness of the new and sometimes innovative methods of service delivery in realising new capital investment.
8. The Audit Commission's confidence is taken to mean that the Council's asset management planning and performance is delivering service improvements, but it is also seeking to develop ways to make further progress by identifying best practice. To make best use of this work, in its Beacon role of promoting best practice in asset management, during 2005/06 the Council hosted an open day for 100 delegates from other local authorities, participated in joint events with the other four Beacon authorities and provided an advisory service for other authorities. To further develop this role in 2006/07, the Council has joined with the other Beacon Asset Management Councils, the Improvement and Development Agency (IDeA) and The Institute of Public Finance (IPF) to develop an Asset Management Peer Support network to support other authorities to:

- a. maintain a coordinated contact/help centre for trouble-shooting and best practice advice on asset management
- b. conduct asset management peer reviews for up to 20 councils who have been deemed in greatest need of support
- c. Establish a basic 'community of practice' aimed mainly at supporting the councils who sign up for the peer reviews
- d. assign peers from beacon councils to help implement the improvement generated from the peer reviews

## CORPORATE FRAMEWORK AND STRUCTURE

9. Fundamental to the successful implementation of the Council's Asset Management Plan is the need to have the appropriate mechanisms in place that facilitate the asset management process. Leeds City Council's overall aim in terms of asset management is to ensure that it optimises the use of its land and property in terms of service benefit, financial return and value for money. Sitting beneath this overall aim is a requirement to ensure that property:
- Supports the delivery of the Council's objectives.
  - Is well maintained and fit for purpose.
  - Is suitably located and accessible.
10. Since 2000, Leeds City Council made significant progress in working towards the above, firstly by appointing a Chief Asset Management Officer with responsibility for asset management and secondly, by establishing an effective management framework within which asset management issues can be progressed. This framework is essentially made up of five elements namely the:
- Executive Board
  - Asset Management Group
  - Asset Management Working Group
  - Capital Resources Group
  - Asset Management Division
11. **The Executive Board** - The Executive Board is the executive decision making body within the Council and is therefore responsible for the majority of key decisions made by the Authority. Key decisions which are delegated to officers are taken following consideration by the Asset Management Group. Consequently, all releases of capital monies supported by Asset Management Group are reported on a quarterly basis to the Executive Member for Development who has portfolio responsibility for Asset Management. Reports recommending either decisions from Executive Board or delegated decisions from relevant officers always make reference to consultations with Ward Members and other interest groups from a service viewpoint where relevant.
12. **The Asset Management Group** - Leeds City Council established an Asset Management Group (AMG) in 1998, which meets on a monthly basis. The purpose of AMG is to act as a steering group which ensures that the Council reviews all of its land and property holdings, to make certain that they support the aims and objectives set down in the Corporate Plan and afford the most appropriate means of providing efficient and effective services to the people of Leeds.
13. Given the corporate and strategic nature of AMG's brief, the Group is chaired by the Council's Deputy Chief Executive, which ensures that its considerations have high level support and impartiality. In addition, the Director of Development, the Chief Asset Management Officer, The Head of Asset Management, the Head of Estate Management for Education Leeds, the Chief Officer Financial Development, the Chief Support and Facilities Officer and the Chief Regeneration Officer attend the Group. Whilst AMG provides the forum for considering all of the high level asset management issues within the Authority, in particular its formal terms of reference require that AMG:
- Formulates and keeps under review an Asset Management Plan and Capital Strategy, which identifies priority areas for action.
  - Ensures that the Council's Asset Management Plan has due regard for the Best Value Process.
  - Ensures that all property held by the Council is required for operational, social, or investment purposes and links to corporate objectives.
  - Assesses the impact of major corporate drivers on the Council's asset portfolio and makes appropriate recommendations for change.
  - Makes the necessary arrangements for a review of the condition of the Council's property.
  - Oversees the Capital Programme, Capital Receipts Programme and the Capital Programme Review process, ensuring that all capital projects are both consistent with the Asset Management Plan and affordable.
  - Seeks to ensure that adequate provision is made for planned programme maintenance.

- Ensures that an appropriate level of Member involvement/consultation is present in the development of the Asset Management Plan and associated Capital Programme.
14. Rather than holding executive decision making powers, AMG is a high level steering group. Therefore any Asset Management decisions made by the Council are either determined under the delegated powers of the officers attending AMG, or in instances where member approval is required then they are referred to Executive Board to be determined following a recommendation from AMG. In addition, AMG makes recommendations on the release of capital monies held within the Asset Management section of the Capital Programme.
  15. The Council's Asset Management Plan has been reviewed annually from the outset and, in line with proposals included in them, the Capital Programme makes provision for capital expenditure on asset management related issues over the following four years. For the period 2006 – 2010 this money currently includes:
    - £4.31m to help the Council meet the requirements of the Disability Discrimination Act 1995, having particular regard to Accessibility Plans following Access Audits now being produced as part of building accessibility surveys.
    - £15.70m to address general health and safety works to Council property.
    - £16.25m to support specific asset management initiatives within service departments.
    - £30.00 to address backlog maintenance for district roads and £5.00m for Local Transport Plan traffic management issues.
  16. The release of the capital monies detailed above is on an application basis to AMG with priorities being determined against pre-defined criteria which include:
    - links to corporate/departmental asset management plans.
    - the results of stakeholder and user feedback.
    - the outcomes of best value reviews.
  17. Added to this, the profile of asset management planning has been embedded into the broader planning framework of the Council by ensuring that it features strongly in both the Best Value Performance Plan and the new Corporate Plan 2005–2008.
  18. **The Asset Management Working Group** - The Asset Management Working Group was established in 1999 as a cross-service senior management forum where representatives from service departments co-ordinate the Council's approach to asset management on a corporate basis. This Group reports to the Council's Asset Management Group. In particular, this Group, which meets six times per annum, performs the following functions:
    - Co-ordinates the property review programme culminating in the production of departmental asset management plans.
    - Identifies surplus property and makes recommendations on alternative use/disposal as part of the review process.
    - Identifies cross-service opportunities where departments and/or partner organisations might share accommodation.
    - Examines innovative options for service provision, eg PFI, Trusts, Joint Ventures etc.
    - Seeks to optimise the benefits of new technology eg hot desking, working from home and telephone call centres.
    - Collates information on the Council's property portfolio including stakeholder assessments of suitability/sufficiency and the development of performance indicators to help inform the future make up of the property portfolio.
    - Co-ordinates the procurement and performance monitoring of repair and maintenance work to general fund properties, with the exception of schools which have devolved arrangements.
  19. **The Capital Resources Group** - The Capital Resources Group operates under the delegated authority of the Director of Corporate Services and seeks to ensure that Council follows best practice in capital project management. In particular the group ensures that projects are:
    - Realistically phased and that the key dates are identified.
    - Capable of being delivered in physical terms.
    - Matched with available resources.
  20. **The Asset Management Service** - The Asset Management Service has a corporate property function which incorporates the key asset management roles within the Council. The Service, which is made up of the Asset Management Unit, Client Services, Property Services and Markets, aims to deliver a seamless one-stop asset management service across the Council. The creation of this Service is considered vital to the asset

management planning process in Leeds. Specifically, the Service is the focus of all asset management related work within the Council which includes:

- Writing and implementing the Council's Asset Management Plan.
- Providing a reserve of expertise on asset management and property issues and providing advice to departments.
- Overseeing a rolling programme of condition surveys of Council properties.
- Liaising with the Department of Corporate Services (Financial Development Division) to ensure that capital resources allocated to property are utilised effectively.
- Supporting the delivery of capital schemes through best in class project management.
- Delivery of the Council's Capital Receipts Programme from disposal of surplus property.
- The management of the Council's investment portfolio including Kirkgate Market.

## REVIEW OF THE STRUCTURE

21. **Corporate Landlord** - The governance of the corporate framework has been in place since 2000, but the organisational structure has evolved to draw together the necessary resources to support the asset management process. The Asset Management Service was formed in 2003 within a new Development Department as part of a Council wide restructuring. This was to enable 'Closer Working, Better Services' by reducing the number of departments from thirteen down to seven and to encourage interdisciplinary working. On this basis the Asset Management Service has a 'soft' Corporate Landlord function to provide advice and guidance to all property holding services in respect of the Council's General Fund portfolio within the corporate framework. Direct responsibility for any land or property remains with service departments.
22. However, within the context of a further change programme within the Council, an assessment of options for further organisational change is currently being undertaken in order to address the following difficult long term asset management issues:
- the need to reduce the portfolio to a sustainable size in terms of affordability, condition and suitability for service delivery
  - the ability to maintain a capital receipts programme to finance investment in existing stock and new facilities
  - the need to improve consistency and efficiency in property maintenance
  - the need to support transformation of service delivery with strategic property solutions
23. Therefore in order to ensure that the Council optimises benefits from the use of its assets, options for strengthening of the Corporate Landlord asset management function are now being considered. Key principles include:
- the need for greater consistency in property matters across all departments through some form of central accountability in a similar way that already takes place with departmental finance, human resources and information technology. This may be included within an overall corporate head quarters function, which would be responsible for all strategy and policy matters.
  - the need for responsiveness to service delivery in terms of close working with client departments
  - and the need to maintain a separate strategic asset management role within any future organisational structure to ensure that the asset management planning function is not diverted by operational issues

## ASSET MANAGEMENT PLANNING

24. **Departmental Asset Management Plans** - As well as considering the Council's key corporate planning documents, this plan is also informed by service asset management planning in the form of departmental asset management plans. Through the Asset Management Working Group, the Council has developed asset management plans for the main property owning departments. Departmental asset management plans are at the core of the departmental analysis which has contributed to this plan. Moreover, the departmental asset management plans provide the basis for challenging and reviewing the asset holdings of individual service areas. In summary the main property owning departments are required to produce their own Departmental Asset Management Plans covering:
- A background to the department including its aims and links between these aims and Corporate Plan objectives.
  - A summary of the department's asset holdings and their condition, which identifies the key areas for investment.
  - An assessment of future pressures and opportunities that the department will face and the fit of existing property to future need. This includes aspirations for growth to meet corporate objectives.
  - An overview of the options that are available to the department to resolve its asset management issues, including shared use of property with partners.
  - A statement of the preferred options that the department has identified.
  - The key milestones and timetables for change.

Based on the outcomes of the Departmental Asset Management Plans in 2006, the Asset Management Unit has been able to consider asset management planning on a corporate basis, identify cross-service opportunities where appropriate and account for any resource implications.

### Corporate Planning

31. As the lead agency within the City, Leeds City Council acknowledges that it has a primary role to play in the future development of the City and particularly in addressing the problems associated with social deprivation. The role of the City Council in the future development of the City is enshrined in its Mission Statement:

***“The Mission of the Council is to bring the benefits of a prosperous, vibrant and attractive city to all the people of Leeds.”***

32. To enable the Council to measure achievement of corporate objectives which support its Mission Statement, an annual Council Plan is developed and the most recent one is for the period 2006-2007. This Plan serves as the statutory annual Best Value Performance Plan and its objectives are derived from the current three year plans; the Corporate Plan 2005/08, and the Financial Plan 2005/08. It provides a coherent approach to improvement planning and acts as a single source of reference for detailing progress on corporate priorities. In particular, this plan focuses on 'closing the gap' between those who have shared in the success of the city and those who have not, tackling the complex web of disadvantage which has excluded individuals and communities from the opportunities Leeds presents. The links between the Council's corporate priorities and asset management have been assessed and are summarised below.

33. Based on the information detailed in Table 1 below, it can be seen that effective asset management is key to the delivery of the new Council Plan.

**Table 1: The Corporate Plan 2005-2008 Priorities and Links to Asset Management**

<b>2005/08 Corporate Plan Seven Strategic Outcomes</b>	<b>Council Plan Links to Asset Management</b>
All neighbourhoods are safe, clean, green and well maintained	<ul style="list-style-type: none"> <li>• Use of Council property and capital to support major regeneration projects such as EASEL (East and South East Leeds), the West Leeds Gateway and Private Finance Initiative projects to refurbish housing and the environment in disadvantaged areas</li> <li>• Leeds Street Lighting Private Finance Initiative project</li> <li>• Major, long-term investment programme to improve the condition of highways (including footpaths)</li> <li>• Create and improve public spaces that are safe, attractive, high quality</li> <li>• Improved facilities for increasing recycling and reducing of all household waste, including energy from waste</li> <li>• Five-year energy, CO2 and water management plan in Council property</li> <li>• Contaminated land inspection strategy</li> <li>• Integrating green travel initiatives into new office schemes</li> <li>• Whole life costing and sustainable design in new building and refurbishment projects</li> </ul>
All communities are thriving and harmonious places where people are happy to live.	<ul style="list-style-type: none"> <li>• Develop areas of greatest need starting with the Aire Valley, Beeston Hill, Gipton, Harehills, Holbeck and the West Leeds Gateway.</li> <li>• Link the city centre more closely to surrounding neighbourhoods by putting in place the Waterfront Strategy proposals to improve access to and along the waterfront.</li> <li>• Promote the vitality of our district centres and towns</li> <li>• Reduce the amount of unpopular housing by investing in new housing stock or replacing it with housing that is better suited to people's needs.</li> <li>• Improve the quality and sustainability of buildings and our historic environment.</li> <li>• Joint Service Centre project with the Primary Care Trust and other stakeholders and make best use of our existing one stop centres.</li> <li>• Area committee delivery plans to bring about further improvements in neighbourhoods across Leeds and effective utilisation of the Council's property</li> <li>• Review use of all community centres to create a more sustainable mixture of facilities taking into account the creation of joint service centres, one stop centres and the extended schools agenda.</li> </ul>
Our children and young people are healthy, safe and successful	<ul style="list-style-type: none"> <li>• Develop a network of 'Sure Start' children's centres across the city to expand Sure Start services to all children</li> <li>• Develop the 'extended schools' approach throughout the city</li> <li>• Build 18 new primary schools and Early Years Centres through the Leeds Primary PFI project and Council funding</li> </ul>

	<ul style="list-style-type: none"> <li>• Rebuild or refurbish up to 15 secondary schools through the government funded 'Building Schools for the Future' programme</li> <li>• Build five new high schools, one new primary and one new Early Years Centre through the Leeds Combined Secondary School PFI Project, with one campus development providing 0-19+ years learning provision</li> <li>• Build the David Young Community Academy in East Leeds as part of a proposed learning campus.</li> </ul>
At each stage of life, people are able to live healthy, fulfilling lives;	<ul style="list-style-type: none"> <li>• Develop a wider range of options to help adults choose to live independently with appropriate support</li> <li>• Improve access to, and the quality of cultural, sports and other leisure activities and facilities.</li> <li>• Reduce fuel poverty by maximising heating and energy efficiency</li> <li>• Redesign day-care services to better meet the needs of people who need support.</li> </ul>
Leeds is a highly competitive, international city.	<ul style="list-style-type: none"> <li>• Promote sustainable patterns of transport within the Leeds city region by developing the Bus Rapid Transit project and A65 Quality Bus Initiative utilising Council land and compulsory powers where necessary.</li> <li>• Build the East Leeds Link road and improve the Outer Ring road.</li> <li>• Introduce a framework for the physical renewal and renaissance of Leeds</li> <li>• Development of major landmark projects which strengthen the city's image as a regional, national and international destination <ul style="list-style-type: none"> <li>○ Develop a programme of city-centre improvements</li> <li>○ Implement the proposals for Holbeck Urban Village</li> <li>○ Build a new 50-metre swimming pool</li> <li>○ Open a new Museum of Leeds in the restored Leeds Institute and creating a cultural resource centre</li> <li>○ Complete the new Carriageworks theatre</li> <li>○ Making a new home for the Northern Ballet Theatre and Phoenix Dance</li> <li>○ Refurbishing the Leeds Town Hall as an international concert venue</li> <li>○ Developing the Grand and City Variety Theatres</li> <li>○ Developing the Art Gallery and Central Library as an integrated learning centre</li> <li>○ Restoring Kirkstall Abbey and providing a visitor centre</li> </ul> </li> </ul>
Our staff perform well and are constantly learning and there is effective leadership at all levels.	<ul style="list-style-type: none"> <li>• Planning for the workforce accommodation to meet the current and future needs of services and enable flexible working practices</li> <li>• Provide a modern working environment with excellent ICT, communication and involvement for all employees</li> <li>• Modernise our human resource policies and procedures under the People Strategy (2005-2008), including flexible working arrangements for recruitment and retention of staff</li> <li>• Developing a culture of high performance and systematic learning in which employees have the right knowledge and skills to deliver our aims</li> <li>• Deliver our corporate communications strategy that makes sure that employees understand how to integrate the Council's values and corporate priorities into their working lives</li> </ul>
Our customers receive excellent services which are efficient and effective and meet their needs.	<ul style="list-style-type: none"> <li>• Customer First: Service Transformation Programme and ICT Strategy – changing our business processes to deliver effective facilities for high-quality services to the community</li> <li>• Improving accessibility for our customers by developing further the 'one-stop' approach through a single contact centre, developing three joint service centres and reviewing the existing one-stop centres</li> <li>• Corporate consultation and engagement strategy to include the profile of our customers and where they live in relation to the suitability and accessibility of premises for service delivery</li> <li>• working with our partners in the Leeds Initiative to improve facilities for service delivery and regeneration across the city</li> <li>• identifying the specific needs and increasing involvement of those groups not yet reached</li> <li>• Use new ways of working and new technology to develop a 'one council' culture</li> <li>• Develop the accountability and performance management framework to make sure that we can make effective decisions about delivering services.</li> <li>• Use our procurement strategy to help commission services in new ways to improve services, particularly in underperforming or high-cost services.</li> </ul>

## DATA MANAGEMENT

41. Corporate Property Database – This is the Council's approach to the co-ordination of asset management information and its integration with relevant organisational financial information.
42. A key aspect of the Asset Management Unit's work during 2005/06 has been development of the Corporate Property Database on the CAPS Estates Management system. Following a Business Process Re-engineering (BPR) study, it was recognised that both financial and service benefits and efficiencies could be gained from integrating the key systems. Eight separate departmental systems have been phased in, including land ownership, asset management, asset register, capital receipts, property management and works ordering. The data is held in one module of a corporate geographic information system (GIS), other modules of which hold the Council's major property based data systems, thereby enabling all properties to be cross referenced by a unique property reference number (UPRN) for reports on cross cutting issues. The corporate gazetteer of the GIS holds all UPRN and shared address data for the district and is BS 7666 compliant, which is a key element of the national unique property referencing system (National Land and Property Gazetteer).
42. The Corporate Property Database is currently networked to over 250 key property personnel throughout the Council, which is enabling its use for cross-cutting purposes such as financial management, property review, regeneration and flood risk management as well as the separate service needs. In 2007 links with the Council's financial management system and external contractors will be completed and a further BPR study will inform a business case for the next phase of development, which will consider the benefits of including commercial property management, energy, planned maintenance and non-domestic rating data systems.
43. As one of the tangible financial outputs arising from introduction of the database, the Council has identified additional land for development or disposal worth £2.25m over the last three years. This arises from disposal of small infill sites and sites for the Independent Living Project, proactively identified by Land Terrier staff using the new system and as it is extended, other technical staff will be able to continue to identify new sites and address loss of land by encroachment which has arisen because reactive property management was only previously possible.
43. Voluntary Registration of title - In order to support the government's e-conveyancing initiative and to address the problems arising from unregistered title, the Council has entered an agreement with HM Land Registry (HMLR) for the 'Large Scale Voluntary Registration' of its 36,000 title deeds and other notable interests over a two year period from September 2006. This will generate conveyancing efficiencies in the disposal process by having proof of good title and will reduce vulnerability to encroachment on Council land. The boundaries and details of the registered title will be held electronically to enable the wide range of Corporate Property Database users across the Council to immediately access the data without the need to tie up legal resources in the first instance. This project is also exploring complex issues around Document Record Management to ensure that electronic records can be stored and shared efficiently and effectively.

## Links to Departmental Service Improvement Plans

44. As described above in the Corporate Planning section, the Council's policy, planning and performance management framework relates the Council Plan as a companion to the Corporate Plan. The Council Plan focuses primarily on how the Council's services have performed over the past year, and sets the direction for the year ahead. It translates the Corporate Plan strategic outcomes into tangible objectives, which are reviewed and progress is reported annually. The asset management process seeks to ensure that the Council Plan links, as set out in table 3 above, are incorporated into each department's Service Improvement Plans for their respective service delivery responsibilities. This seeks to align the departmental use and performance of the Council's assets with its corporate priorities, as required in its overall Comprehensive Performance Assessment. Reports to the Asset Management Group have a standard section which requires links to be made between the service improvement proposed and the departmental and / or corporate asset management plan.

## PROGRESS UPDATE

45. Leeds City Council has made considerable progress in developing a programme that ensures that the Council's assets contribute directly to the process of service improvement. This programme includes the development of:
  - A targeted programme of condition surveys
  - The development of a number of property based plans and strategies.
  - The implementation of individual asset management based projects.
  - The release of £2.67m of Major Maintenance Monies in 2005-2006
  - The expenditure of £0.84m of capital from the Council's Access Fund.

## Condition Surveys

46. The Council commenced a five-year programme of condition surveys in 1999 at a cost of £0.5million per annum. The first five-year cycle has been completed. However, it is planned to continue with a targeted programme of condition surveys directed at specific asset management issues to ensure that accurate information on the state of the portfolio is available as an aid to effective management. This rolling programme of condition surveys has been developed to enable the Council to assess the future capital needs of its property portfolio, split between essential and desirable works. Specifically, the format of the condition surveys is such that they enable the Asset Management Unit to identify the capital resources required by properties in terms of:
- Wind and weathertight items.
  - Health and safety items.
  - DDA upgrades / Accessibility audits.
  - Asbestos treatment works.
  - Building works.
  - Structural works.
  - Electrical works.
  - Mechanical works.
47. Accordingly, the information provided by the condition surveys forms the basis of the backlog maintenance figures quoted in this Plan and goes on to inform the development of the Asset Management Plan, Capital Programme, and the allocation of monies from the Major Maintenance and Access Fund capital schemes. In addition, condition surveys prioritise works on the basis of:
- Imminent works – immediate.
  - Essential works – within two years.
  - Desirable works – within three to five years.
  - Long term works – beyond five years.
48. To date, the Council has completed 1,045 full condition surveys, covering the majority of the Council's non-school and housing properties. The education portfolio has condition surveys commissioned for it separately to satisfy DFES requirements, from which data is also made available. The programme of full condition surveys undertaken is in addition to the simpler A-D whole property condition assessments that have been undertaken for the whole property portfolio, although that has been useful in targeting problem properties in the D (Bad) and C (Poor) categories. In 2005-2006 the survey programme was remodelled to take account of core data already obtained during the first five-year programme of surveys and focussed on updating existing information.

## Property Based Plans and Strategies

49. The Council's Asset Management Plan is underpinned by the implementation of a strategic approach to the management of the land and property portfolio. To facilitate this approach a number of property-based plans and strategies have been developed to address issues in specific areas of the portfolio. Progress achieved to date includes:
- Community Centres Review** – Through the Community Centres Review the Council has closed 17 community facilities since 2001. In addition, the Council's Executive Board has approved in principle the closure/disposal of a further five facilities. This rationalisation programme is contributing to the development of a more sustainable service with less backlog maintenance costs, more suitable premises and investment in facilities that remain part of the portfolio. Responsibility for management of all community centres will be consolidated from April 2007 under the Council's Area Management function and reporting to the Area Committees.
  - Public Conveniences Strategy** – Like the Community Centres Review, the Public Conveniences Strategy aims to ensure that the Council provides better quality facilities that are operationally sustainable. The approval of the Public Conveniences strategy has enabled the Council to address a number of asset management issues affecting the portfolio. In particular, the Council has approved the closure of 16 facilities that are no longer required for operational reasons. Sales of three of these facilities have now been completed at Morley, Kippax and Otley and generated capital receipts. Added to this action, the Council has opened a new £0.5m facility at Kirkgate Market and a facility in the new Library and Tourist Information centre in Otley. In addition, the Council has undertaken access audits for all of the on-street facilities that remain and is implementing the works required to maintain a fully accessible service. Following a further review, responsibility has now been transferred to the Area Management function of the Council.
  - Cemetery and Crematoria Strategy** – The 50 year strategy for the provision of Cemeteries and Crematoria in Leeds identified the need for extra land provision for extension of existing cemeteries and a new one in the City's Green Belt, to ensure sufficient space is available to meet forecasted demand for



burials. The extension at Pudsey has been completed and work is ongoing to obtain land for extensions at Lawnswood and Harehills at an estimated cost of £5.0m. Development of a new cemetery on the fringe of the city has commenced at Whinmoor and feasibility studies are underway to explore the potential for new small cemeteries at Killingbeck, Horsforth and Garforth

- **Energy and Water Management Plan** – As the second largest Metropolitan District in England, in 2005-06 Leeds City Council had an annual energy and water expenditure of £16m which, along with the Climate Change and other environmental agendas, provide the drivers for environmental efficiencies to be taken very seriously. The Council has demonstrated its commitment to energy conservation in a number of ways, including gaining EMAS accreditation (Eco-Management and Audit Scheme) and developing an Energy and Water Management Plan (2003 -08) aimed at improving the consumption of Energy and Water by the Council across the property and highway networks, including the following targets with a 2002 base:
  - 15% minimum reduction in CO<sub>2</sub> emissions from heating and lighting of Council buildings.
  - 10% minimum reduction in energy consumption
  - 5% minimum reduction in water consumption
  - To constrain expenditure on energy and water within current levels in real terms, subject to market forces.

In line with the Royal Commission on Environmental Pollution (2000) recommendations, the long term objective is to achieve 60% reduction in CO<sub>2</sub> emissions by 2050 from all the Council's operations, including buildings, street lighting, transport and waste management. Therefore the vision is 'To lead by example in the ongoing reduction of greenhouse gas emissions in Leeds'. To this end the Carbon Management Action Plan for the period up to 2008 and beyond is co-ordinated by the Asset Management Unit. Significant progress has been made through the Plan and examples of asset management related actions achieved or underway include:

- Green electricity - successful conversion of all electricity contracts for buildings from brown to green electricity has resulted a 30% CO<sub>2</sub> reduction from 2003-04 onwards
- An energy pricing policy framework has been approved which enables longer term 3.5 and 5 year contracts to be agreed. The strategy embraces the concept of a balanced portfolio of the three contracts (single gas and electricity sites, large and small) to minimise risk by taking a holistic view to balance future budget certainty and options to take advantage of changing market conditions.
- Street lighting replacement PFI - contract has commenced in 2006 which has targets to make financial savings and 1,900 tonnes CO<sub>2</sub> reduction per annum through improved technology.
- New PFI leisure centres - to explore the potential to include combined heat and power in contracts
- Integrated Waste Management – Expression of interest submitted for £130m PFI credits, together with other funding to include energy from waste and reduction of landfill by 590,000 tonnes per annum.
- Recycling Centres – seven redeveloped sites and one zero waste site.
- National Energy Accreditation Programme – 2 departments piloting efficiency accreditation aiming for 3% reductions prior to full Council rollout. Departmental Energy Policies as part of Service Improvement Plans monitored through EMAS auditors. Business case funding applications from the Council's Priority Major Maintenance funds.
- Schools- Energy certification to promote efficiency, biomass use in existing coal boilers
- Local Authority Energy Financing Scheme (LAEF) – Carbon Trust pilot energy and water 'invest to save' match funded grant scheme through Salix Finance.
- Action energy surveys for key buildings, Smartmeters for remote reading, controls for out of hours electricity loading

**Water Asset Management Plan** – In response to increased localised flooding in parts of Leeds, a strategic flood alleviation study and an Action Plan have been approved together with increased revenue budgets for watercourse maintenance and preventative measures within the expanded Environment Agency 1 in 100 flood risk areas. The action plan addresses a wide range of water related maintenance issues which are now receiving funding, having been recognised within the Corporate Plan objective; All neighbourhoods are safe, clean, green and well maintained. With regard to protection of Council assets, in addition to co-ordinated emergency planning measures, a flood risk assessment is to be carried out for all Council buildings within the next year in terms of probability and impact to determine whether any capital investment is required.

#### **Asset Management Based Projects**

50. During 2005-2006 a number of asset management based projects have been implemented which have helped to improve the condition, suitability and sufficiency of the Council's property portfolio. Sample projects to highlight include:

- **Private Finance Initiatives** – Private Finance Initiative (PFI) has become a prominent means of delivering the Council's overall Asset Management Plan. Where available, PFI is being used as the preferred option to address a number of asset management issues in the Council's property portfolio. A total investment of £843m has been secured to date through PFI initiatives on the following schemes:

- Cardinal Heenan High School - £9m operational in year 2000.
- Leeds 7 Schools – 38m operational in 2002/03. Five primary schools and two secondary schools were replaced or remodelled.
- Leeds Primary Schools – £36m investment in ten new primary schools completed 2005-06
- Combined Secondary Schools - £100m investment in six new secondary schools. The first four opened in September 2006 and remaining two will open in 2007.
- Street Lighting - £90m investment to replace all street lighting within the metropolitan district. Now in delivery phase from July 2006. 80% of existing street lighting to be replaced within the first 5 years.
- Building Schools for the Future Wave 1 - £249m investment now in procurement stage. This will rebuild or remodel 14 secondary schools in three phases between 2008 to 2010. This will involve the creation of a Local Education Partnership Company (LEP) which will take responsibility for construction and refurbishment of the schools.
- Independent Living Project - £60m investment now in the procurement stage. This will enable vulnerable people currently living in unsuitable hostel accommodation to live in nearly 50 small group homes throughout the city.
- Swarcliffe housing scheme - £113m investment in 1,600 dwellings. Construction phase commenced in 2005 for completion by 2010.
- Little London housing scheme - £45m investment in 1,000 dwellings. Decision on Outline Business case awaited.
- Leisure Centres - £30m investment in two new leisure centres. Expression of interest approved November 2006. Work to commence on Outline Business Case .
- Joint Service Centres - £15.7m investment in three new joint service centres in inner Leeds for provision primarily of face to face services. To be procured through the LIFT joint venture company and co-located with Primary Care Trust services where possible. Procurement stage.

The following Expressions of Interest to the value of a further £515m of PFI investment are under consideration or are in the course of preparation:

- Beeston Hill and Holbeck housing scheme - £90m investment in 779 dwellings. Decision on Expression of Interest awaited.
- Childrens Services - £5m investment in a range of services to be delivered through the existing BSF, Independent Living and New Leaf Leisure projects. Expression of Interest submitted August 2006.
- Highways Maintenance - £290m investment in the principal road network over 7 years. Expression of Interest submitted September 2006.
- Integrated Waste Management – Over £130m investment in a range of facilities for processing municipal waste to meet long term recycling and landfill diversion, CO<sub>2</sub> and energy objectives. Expression of interest to be submitted.

Building Schools for the Future Wave 2 schemes are likely to come on stream from 2013.

- **Grand Theatre** – This ornate Victorian listed building dates from 1878 and in addition to its role as a principal theatre venue, it also houses Opera North, which is England's national opera company in the north. The building's fabric, seating arrangements and antiquated technical facilities had become no longer fit for purpose in terms of DDA, fire safety and as an attraction for visiting theatre companies and audiences. Phase One of the Transformation project was completed in September 2006 at a cost of £23m with funding from the Arts Council, Yorkshire Forward, The Theatre Development Trust, Grand Theatre and City Council. This restored the fabric of the building, remodelled the seating, backstage and access arrangements and updated the mechanical and electrical facilities. Fundraising has begun to raise £9.1m for Phase Two of the project with grants from the Arts Council, Heritage Lottery Fund, the Council and others, which will restore the Assembly Rooms in the adjoining building. This will also contribute to regeneration of New Briggate, which is a key gateway into the city centre as well as serving a regional audience.
- **Social Services Roundhay Road Area Offices** – The site occupies a gateway location on a main arterial highway where the inner city rim meets Chapeltown and Harehills, which are two of the most deprived communities in Leeds. The buildings on the site have a backlog maintenance figure of £907,000. They are poor in terms of condition, suitability and accessibility for the range of Social Services functions which include a base for an area office, a variety of service teams, three day centres and an equipment store. The City Services transport fleet of up to 100 vehicles have already been relocated from the site here due to its inadequate size. Therefore the Council has approved a strategy to dispose of the site and use the capital receipt to reprovide the services in fit for purpose premises which are suitable for future needs. Plans are being developed for vacation in 2008.
- **The development of a new Library and Tourist Information Centre in Otley** - Otley Library and Tourist Information Centre used to operate from a two-storey shop unit which was too small and unsuitable for the nature and scale of the services provided. Accordingly, the Council let a contract to

develop a new single storey facility in a prime district centre location. The facility opened for business in November 2005.

- ❑ **The development of a new Library in Horsforth** – A new Horsforth Library was developed in 2005 incorporated refurbishment works to the existing Horsforth Mechanics Institute.
- ❑ **Westroyd House** – Westroyd House is a listed building in Westroyd Park, Farsley, which needed more than £0.50m of investment. Following consultation with the users of the premises the Council disposed of the building for residential purposes and provided alternative accommodation for activities displaced.
- ❑ **Refurbishment works to the former Harehills Middle School** – Harehills Middle School is a prominent Grade II Listed building in Harehills. Ultimately this building has the potential to make a significant contribution to the quality of the built environment and economy in a key regeneration area. As a consequence of this potential the Council has undertaken refurbishment works to the external envelope of the building with the aid of a grant from Yorkshire Forward and granted an option for a social enterprise to explore the future use of this prominent building for enterprise incubator units.
- ❑ **Primary Review and Primary PFI Projects** – Both these Primary School replacement projects were approved by the Council on the basis that 20 old schools are surplus to requirements and the capital receipts are ring-fenced to contribute to funding the new schools. Most of the former primary schools have been marketed and will be sold during 2006/07 and 2007/08. Not only does this support the Council's capital programme in funding the new schools, but it also improves the suitability and condition rating and reduces the backlog maintenance requirement of the education building stock.

### Major Maintenance Fund

51. The Council's Major Maintenance Fund continues to be an important funding stream for the implementation of the Asset Management Plan. In 2005-2006 the Council released £2.67m from the Major Maintenance Fund to address maintenance and health and safety issues in the portfolio. A summary of the releases made by department is detailed below in Table 2 below.

**Table 2: Major Maintenance Releases by Department 2005-2006**

Department	Allocations £'000's
City Services	235
Development	1001
Learning and Leisure	950
Social Services	52
Corporate Services	26
Neighbourhoods & Housing	412
Total	2,676

52. As an example specific releases included:

**Table 3: Example releases**

Scheme	Amount Released £ 000's
Various Primary School demolitions	558
Flood alleviation – Wyke beck	25
Legionella prevention – Youth Service	8
Mandela Centre rewire	6

53. The Major Maintenance Fund will continue to be applied to asset management issues across the portfolio on a prioritised basis to support wider corporate objectives.

### Access Fund

54. An important part of the Council's Asset Management Plan is to improve access to Council services delivered from operational property. Moreover, it is recognised that the Disability Discrimination Act Part III, which came into force in 2004, represents a significant challenge for the Council.
55. To address this point the Council has an Access Fund in its Capital Programme, which currently provides £4.31m of resources. To date, the Council has committed £3.95m since 2001 across a range of services. Specific schemes include:
- ❑ The introduction of hearing loops to 184 Primary Schools in Leeds
  - ❑ The installation of Access hoists to public swimming pools in the City
  - ❑ Access improvements to Frederick Hurdle Day Centre

- ❑ Access improvements to Pedestrian Crossings throughout the City
- ❑ Counter level adjustments in libraries
- ❑ Automatic doors in Civic Hall
- ❑ Calverley Day Centre access improvements
- ❑ 2 Great George Street lift replacement

## THE CURRENT POSITION

56. In light of the progress highlighted above the Council has re-evaluated the condition of its property portfolio to gauge the extent to which the portfolio has improved relative to the position reported in 2005. In summary the Asset Management Plan 2005 reported the following position:
- ❑ Backlog Maintenance for essential works for the General Fund portfolio stood at £97.47m, of which £40.39m related to the school portfolio.
  - ❑ Added to backlog maintenance, £212.51m of unfunded new growth was identified which included the Independent Living PFI proposals, for which Social Services had not yet achieved approval for their Outline Business Case. In addition, the aspiration to undertake long-term improvements to the District Road network was also incorporated into the growth aspirations at £20m, over and above previous financial commitments in the existing Capital Programme. This inclusion reflected the Council's intention to bring the total £58.8m maintenance backlog down to £15m by 2013. The aspiration to extensively remodel large parts of the sports centre portfolio were also included in the growth figures at £41.26m inclusive of £2m to cover the Council's potential contribution for a new city-centre swimming venue.
  - ❑ Taking account of existing finance in the Capital Programme, over-programming and inflation the extent of the Council's Asset Management proposals stood at £291.61m
57. In comparison to this position, the Council has recalculated the position which is detailed in Appendix 1 below. By extrapolating from the latest full condition survey information the Council estimates that it has an essential maintenance backlog of £89.68m for the General Fund portfolio. This figure is split between Education at £37.64m and the other service departments at £52.04m. Therefore the backlog figure has been reduced by £7.79m in response to avoidance of works as a result of known new build and remodelling projects. The District Roads essential backlog figure has been retained at £15m because, notwithstanding the expenditure of an additional £12.6m over the last two years, the backlog has not reduced due to inflationary rises in the cost of highway works.
58. In addition, based upon information highlighted in departmental asset management plans, the Council has also been able to identify potential areas of significant growth, which currently are not detailed in the Capital Programme 2006-2010. In total the growth aspirations identified in this Plan amount to £1,008.09m.
59. In comparison to the position reported in 2005 the other key variances are highlighted.
- ❑ Growth aspirations included in the Asset Management Plan have increased by £678m. This arises from the Council's success in developing the following range of partnerships, through which its assets are used in the most effective way to lever in external investment. In this way £1,008.09m of investment is generated by £185.34m worth of Council resources (£90.92m mainline capital and £94.42m rationalisation of assets), which is a gearing ratio of 18%:
    - PFI - Integrated Waste Management £130m; Childrens Services £5m; Beeston Holbeck £89m and Highway Maintenance £290m
    - PPP – EASEL £85m, Kirkgate Market £20 and other longer term plans under development – Small Industrial Units, Beeston Hill & Holbeck, Affordable Housing SPV
    - Trusts – Sports Trust £9.00m; Grand Theatre £9.1m; City Varieties £9.2m
    - Grants – Yorkshire Forward - Holbeck Urban Village £12m; Heritage Lottery Fund / Arts Council - Municipal Buildings; Football Foundation – Outdoor Pitch Strategy; Department of Health £17m - Secure Unit; Housing Corporation – affordable housing; Local Enterprise Growth Initiative – Small Industrial Units
    - Planning agreements – Developer S106 contributions – affordable housing; greenspace; transportation – in line with corporate objectives

## PRESSURES AND OPPORTUNITIES

60. Despite the improved position in terms of backlog maintenance for buildings highlighted above, it is evident that the Council still has considerable progress to make to ensure that its property portfolio is best placed to support the delivery of corporate objectives. Moreover, from the analysis presented in appendix 2, the Council has been able to identify the corporate and service specific priorities in terms of future asset management planning that it will need to address within the 5 year timeframe of this Plan to 2012.

**Table 4: Key Asset Management Issues faced by the Council**

	<b>Backlog Maintenance</b>	<b>Growth</b>	<b>Management</b>
Service Specific over £1.0m	<input type="checkbox"/> Social Housing <input type="checkbox"/> Schools <input type="checkbox"/> Heritage buildings <input type="checkbox"/> Sports Centres <input type="checkbox"/> Parks and Countryside <input type="checkbox"/> District Roads <input type="checkbox"/> Community Centres <input type="checkbox"/> Markets <input type="checkbox"/> Small Industrial Units (SIUs)	<input type="checkbox"/> Cemeteries and Crematoria <input type="checkbox"/> Childrens Centres and Services <input type="checkbox"/> School Estate <input type="checkbox"/> Sports Pitches <input type="checkbox"/> Sports Centres <input type="checkbox"/> Joint Service Centres <input type="checkbox"/> Waste Management <input type="checkbox"/> Urban Renaissance <input type="checkbox"/> Parks <input type="checkbox"/> Libraries / Archives <input type="checkbox"/> Art & Heritage <input type="checkbox"/> Arena <input type="checkbox"/> Markets <input type="checkbox"/> Enterprise Units (SIUs) <input type="checkbox"/> Tourist Information Centre <input type="checkbox"/> Social Housing	<input type="checkbox"/> Airport company shareholding <input type="checkbox"/> Public Open Space <input type="checkbox"/> Non - Social Housing <input type="checkbox"/> Reviewing the investment Portfolio <input type="checkbox"/> Land Holdings Review
Cross-Cutting	<input type="checkbox"/> Maintenance Contracts <input type="checkbox"/> Health and safety <input type="checkbox"/> Accessibility <input type="checkbox"/> Building Conservation		<input type="checkbox"/> Corporate Landlord Office accommodation <input type="checkbox"/> Space Standards <input type="checkbox"/> Flexible working <input type="checkbox"/> Access to Services <input type="checkbox"/> Energy efficiency <input type="checkbox"/> Carbon reduction

## ASSET MANAGEMENT ISSUES

61. A summary position statement of the key asset management issues by department is detailed below.

### Neighbourhoods and Housing

62. **Housing Strategy** – The Council's five year Housing Strategy outlines the council's approach for achieving Decent Homes and Decent Neighbourhoods over the next ten years for which an investment requirement of £858m has been identified for local authority housing stock. Regeneration and improvement of private housing assets is also necessary for Neighbourhood Renewal and the department has been restructured to deliver the Government's National Strategy as follows,
63. **Social Housing** – The Council's social housing stock is currently managed and maintained by six Arms Length Management Organisations (ALMOs), which all commenced operations in February 2003 and are responsible to the Council through its Housing Services strategic landlord function as owner.
64. The basis of this new set up assumes that funding will only be drawn down from ring-fenced Housing Revenue Account (HRA) resources and third party capital and there will be no call on General Fund capital resources.
65. All six ALMOs have achieved two star status, which means that they can draw down the pre-allocated £350m Supplementary Credit Approvals (SCA), which is paid in two year tranches. The ALMOs will receive £520m up until 2010 to bring the stock up to Decency standards, however recent surveys suggest that there may be a funding shortfall. Right To Buy capital receipts, which are ringfenced to HRA, will also contribute to funding Decency works and the necessary environmental works which are not covered by Decency funding.
66. Option appraisals are carried out on housing stock by the ALMOs to evaluate the sustainability of marginally viable refurbishment schemes to inform the decision making process on whether to proceed with decency works. Where clearance is being recommended, the potential inclusion of other stock is considered at this stage if this is necessary to deliver a viable site for redevelopment. Under the revised Capital Strategy, where the business case for clearance is supported, clearance and other capital costs are to be reimbursed to ALMOs.
67. In order to improve efficiency, but retain tenant accountability, it is now proposed to reduce the number of ALMOs from six to three in the next year and review the management agreement.

68. The majority of works to council properties are carried out by the ALMOs but there is still a central HRA capital programme which contains resources for Equipment & Modifications For Disabled Persons, Housing Needs and Information Technology works.
69. Because of increasing house prices and reduction in supply of social housing to rent through Right To Buy sales, an Affordable Housing Delivery Plan has been developed. This will operate through the local Housing Partnership with RSLs and support a range of opportunities for young people and families to enter and climb the 'Housing Ladder'. One measure under consideration is for the Council to set up a Special Partnership Vehicle to draw down a land bank of cleared HRA sites, sufficient to generate third party funding for a targeted number of affordable units over a ten year period. Land up to an agreed value would be transferred to the SPV from the Council at less than best consideration. This strategic approach to land availability will enable RSLs and other developers to deliver a range of affordable housing products. It will also maximise Housing Corporation grant investment and use of pooled Section 106 affordable housing monies.
70. **Regeneration** – Since its inception the Regeneration Service has taken the corporate lead on improving neighbourhoods within the Council's Corporate Plan objectives to address areas of social deprivation. This is by working closely with the five strategic external District Partnerships to establishing an Area Management framework and Area Committees and by developing major projects focussed on regeneration priority areas. A number of regeneration mechanisms are being progressed which are reliant upon a strategic approach to the use of Council assets and resources including:
  71. Two PFI projects for redevelopment of Council housing stock have been approved and a further project is likely to be funded during the plan period :
  72. Swarcliffe value £113m under construction
  73. Little London value £77m outline business case stage
  74. Beeston Hill and Holbeck value £89m Expression of Interest unsuccessful in 2006, but DCLG have indicated that it will be supported in the next available bidding round.

These measures have been taken following consultation with the ALMOs and tenants to gain support for the HRA Business Plan and secure additional funding for achievement of Decent Homes Standards.

75. Neighbourhood Renewal Areas have been established at Richmond Hill (East Bank), Beeston Hill and Holbeck, Harehills and Gipton and proposed for West Leeds Gateway. Land Use Development Frameworks have been or are being produced, based on local consultation, to guide and prioritise future investments, including land and property acquisition and disposal strategies. For example £23m worth of external funding for regeneration activities in such areas has been generated (£11.88m SRB; £1.09m Single Pot; £2.0m Single Regional Housing Pot – market renewal and £8.0m Home Improvement assistance). Disposal strategies are to be developed for existing Council assets and cleared sites arising from market renewal activity in line with corporate and local regeneration objectives.
76. LIFT – Because of the linkages with the Primary Care Trusts (PCT) through the District Partnerships and the regeneration impact of Joint Service Centres on local neighbourhoods, the department is project managing the Council's corporate accommodation requirements. The three schemes are in Chapeltown, Harehills and Kirkstall and are described later under Customer Services and Cross Cutting Issues.
77. The East and South East Leeds Regeneration Area (EASEL) initiative is a Public Private Partnership (PPP) which covers mainly large social housing estates in the suburbs and large areas of older mixed tenure terraced properties close to the city centre rim. The Wards in the area all fall within the top 10% of the nationally most deprived wards. Because of its large scale, involving 120 hectares of land, the project is likely to be phased over 15 – 20 years and the Council will use its extensive land holdings to secure regeneration of housing, commercial, environmental and leisure facilities. The first phase of 16.84 ha will generate an estimated 814 new residential units (15% s106 affordable) and the £10 -15m capital receipt will be ringfenced and invested back into the PPP. Subsequent phases will include a mixture of housing and commercial development, for the most part on HRA land, the net capital receipts after site clearance from which, could be ring-fenced for further investment in the PPP. Because EASEL covers such a significant part of the city, there is a need to co-ordinate the PPP initiatives with the various asset management pressures and solutions across the wide range of Council and other public services in it. Therefore an Area Asset Management Plan is to be developed for EASEL in the coming year in conjunction with the corporate AMP, which can be reviewed annually together in future years.

From a regeneration perspective there are a series of unfunded aspirations included in this plan, which are the subject of further work to identify the most effective means of delivery. This includes proposals to:

- Enhance principal roads and railway corridors.
- Acquisition of key buildings and ransom strips.
- Provide grants and loans for regenerating vacant buildings.
- Provide match funding for brownfield servicing and derelict land reclamation schemes.

78. Aire Valley Leeds is a major regeneration and development initiative with the potential to create 1m sq.m. of employment floorspace, 2,700 homes and up to 29,000 jobs over the next 10-15 years. The full potential of the area is dependent on major infrastructure provision, public transport improvements and other developments and it is estimated that the necessary transformational change in the area will require investment of some £250m. The strategy involves close working between the public and private sectors, and development of high-value uses which will generate the values necessary to fund infrastructure improvements. Most of the key development sites are in private ownership but several are owned by the Council, including sites fronting the East Leeds Link Road which is due for completion in 2008. Disposals and capital receipts are therefore anticipated from a number of Aire Valley sites.
79. Town and District Centres – Through the development of the Council's Area Management proposals, it has been recognised that commercial centres serving local neighbourhoods also require investment in public infrastructure to maintain their economic sustainability. The Council is implementing a programme of area based schemes which will total £7.5m across the City. However, some of the economic regeneration aspirations highlighted by the programme cannot be funded within the existing budget. As a result it is hoped to extend the programme through a future increase in capital programme provision and through bids to external funders such as the Heritage Lottery Fund and others as appropriate.
80. Community Centres – From April 2007 under the approved Community Centres Review, Area Committees will receive responsibility for all community centres which have previously been managed by several departments. In preparation for the transfer, a planned rationalisation programme has led to the demolition and disposal of a number of under-utilised centres and improvements to nearby facilities. Operational and facilities management arrangements have been put in place for letting and hiring agreements for all occupiers, with service charges, market rents and grant agreements for supported users or services. Area Committees will be asked to agree a schedule of charges and discounts for implementation from April 2007. Proposals for the treatment of capital receipts from disposal of community centres are highlighted in the Capital Strategy. Area Committees will be able to invest their own 'Well Being' funding as well as to seek mainline major maintenance funding to address asset management issues. This plan assumes that £0.75m will come from further rationalisation.
81. The need for identification of sustainable alternative funding for a number of community facilities, leased or owned and managed by community organisations, is necessary due to the ending of Single Regeneration Budget funding from March 2008. This ties in with the Department for Communities and Local Government proposal for ownership transfer of community assets addressed later under Cross-Cutting issues.

<b>Total Capital Requirement</b>	<b>£2.18m</b>
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### Education Leeds

82. **Schools and other education services** – The education support service is run on behalf of Leeds City Council by Education Leeds, which is a wholly owned not-for profit company, which was established in 2001 as a partnership between the Council and Capita, under direction from the Secretary of State for Education and Skills. Over the last five years major improvements have been made both in educational attainment and asset management of the property portfolio.
83. The School's Organisation Plan highlights the changing demographics, from which the falling birth rate has impacted on the size and distribution of the school estate. However this is levelling out in the primary population and over the last five years the Primary Schools Review has resulted in reducing unfilled places through closures and amalgamations to about 10%. This is not expected to rise substantially up to 2011 and the new and refurbished schools are now considered to be sustainable in 20 Primary Planning Areas. The secondary population (11 – 18) will also fall from its 2003/4 peak, but there are only 2% unfilled places overall, which are concentrated in specific parts of the city while there is great pressure elsewhere. This will be progressively relieved in part through the decline in student numbers as the falling birth rate works through the population. However it will also be managed through the Secondary Review process and implemented through the Building Schools for the Future programme.
84. The wider context for education assets is also changing in response to the Children Act 2004 which, through the 'Every Child Matters' and Extended Schools agendas requires integrated working for children and young people's services. Therefore school buildings will go beyond simply being places for the education of statutory school age children. For example 'Extended Schools' should be able to deliver a minimum 'core offer' of support services for children and families in their communities by 2010. This will impact on the suitability, security and flexibility of school buildings. In this respect a Children's trust is to be established for developing a Children's and young People's Plan for 2006 -09 for planning joint working and commissioning of support services.
85. The changing demographics of pupil numbers has been addressed through reviews of the Primary and Secondary School reviews, which have led to surplus school accommodation being identified. Traditionally

the capital receipts arising from disposals of surplus schools have been ring-fenced to the improvement of the school estate.

86. Capital funding solutions for the major asset management issues facing the education portfolio will continue to be sought from all available sources. However a key element of this funding over the next ten years will be addressed through PFI funded programmes. Ten high schools and twenty one primary schools have been delivered through PFI schemes to date with a value of £180m.
87. Therefore the Council and Education Leeds will continue to progress Wave 1 of the Building Schools for the Future Project through to 2010 and as part of the Extended Schools agenda will seek to identify non-school services which may benefit from being incorporated into the project. The first three phases will result in four new build secondary schools and major extensions and refurbishments to a further eleven outer secondary schools to value of 249m. This is likely to be delivered through a new construction partnership, Local Education Partnership (LEP), which is to be procured through competition and it will be capable of handling other large scale public construction projects. The next BSF Wave for Leeds is forecasted to begin in 2013.
88. With regard to the existing stock of schools and other education services, this Plan identifies solutions for the backlog maintenance costs amounting to £37.64m, which is defined as urgent or essential maintenance required within a two year period. This is in line with National Property Performance Management Initiative priority levels 1 and 2 and is consistent with the corporate approach taken across the whole Council property portfolio in this plan and earlier plans. However it is noted that a higher backlog figure of £60m has been identified based on DFES condition categories C and D, which are also priorities on a broader basis.
89. To this end, the Council will earmark £8m over the next four years from its mainstream capital programme funding to Education Leeds for legislative requirements in schools such as fire safety, electrical testing, safety glazing, and asbestos management. In addition Education Leeds have earmarked £6m from its formulaic allocations for the Schools Capital Investment Partnership (SCIP), which directly addresses condition backlog. Also the Primary Capital Programme, which is scheduled to commence in 2009/10, is estimated to deliver further formulaic funding in the level of £4m per annum, which aims to address a number of strategic priorities, including condition backlog.
90. Within the Council's capital programme, the schools have devolved capital allocations of £32m for minor improvement schemes, which target the school's priorities including condition related issues. Because the budgets are controlled by school governing bodies this is treated as third party capital, but may represent a significant level of funding for refurbishment, which includes condition related investment. Over £40m is also allocated to schools for major capital schemes, some of which will reduce associated backlog maintenance issues
91. Therefore, for the purposes of this plan, it is assumed that the essential backlog maintenance figure of £37.64m could be fully funded over the plan period by £18m allocated to Education Leeds, as outlined above, and £19.64m allocated to schools. However this assumes all funding continues in line with previous allocations and is prioritised for condition works. In reality, this may not be the case as this funding may also need to be used to address other strategic priorities, for example suitability and sufficiency. In order to address the £22.36m further shortfall based on the broader DfES priorities, further strategies will need to be developed which could be funded from formulaic capital allocations.

<b>Total Capital Requirement</b>	<b>£0</b>
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## Learning and Leisure

92. **Sports Centres** – The replacement of the Leeds International Pool with a new Swimming and Diving Centre at John Charles Centre for Sport is due for completion in 2007, which was funded from Lottery grant and a capital receipt from sale of the city centre site. This will resolve a major maintenance problem on the existing pool.
93. The Department of Learning and Leisure has reassessed the need to remodel the existing sport centre portfolio to ensure that it is best placed to meet the future needs and demands for sport facilities in the City. In addition, survey information has been updated and incorporated invasive surveys of pool tanks where appropriate.
94. A significant part of Sport's current work is heavily dependent on facility provision from its leisure centres. The asset holdings therefore are almost exclusively direct operational properties. Pressures on the service include:
  - ❑ A previous lack of structured capital investment placing excessive reliance on the limited building maintenance revenue budget.



- ❑ A need to maintain service continuity by addressing urgent health and safety and DDA requirements.
  - ❑ Investment needed to refurbish and remodel facilities to meet customer expectations and retain market share.
  - ❑ Fitness provision improvement has been particularly in demand as a response to competition from the private sector.
  - ❑ A combination of above factors contributes to spiralling decline in users, income and available revenue maintenance for sport centres.
  - ❑ The need to improve the social, economic and environmental well being of local communities through access to high quality sport provision.
95. As a consequence of the above, the Department has assessed the opportunities available for meeting the long-term investment requirement which is estimated at £46.28m. The Sport Capital Investment Strategy has been developed, which proposes to establish a Sports Trust, which will be able to attract external capital investment from a number of sources, manage unsupported borrowing as well as receive mainline Council capital funding. The Sports Trust would take responsibility for managing the delivery of the Sports Service in Leeds and the business plan has established that it could manage unsupported borrowing up to £9.00m over three years. This Plan assumes that backlog maintenance should be addressed as a priority, therefore although use of this borrowing is still to be agreed, it is assumed at the time of writing that the Trust would borrow up to £5.23m in the first instance to address the unfunded element of the backlog maintenance over the three year period. The Council would make available £0.50m - £0.60m per annum in additional capital maintenance from the capital programme thereafter. This Plan then assumes that the development of new facilities will be funded by the remaining £3.77m of borrowing, along with external funding, although this will be the subject of further discussion.
96. In this respect the Service has been successful in receiving an allocation of £30m in PFI credits and an outline business case is being prepared for submission to the Department for Media, Culture and Sport for the replacement of two leisure centres at Morley and Armley. The opportunity for another Leisure Centre in East Leeds at a future date is subject to further review.
97. **Parks and Countryside** – To date Parks and Countryside has realised a number of capital receipts through a process of rationalising surplus assets. This plan assumes that most of the service's capital needs will continue to come from external funding and the recycling of surplus assets. In addition to the existing backlog maintenance requirement of £9.80m, the Parks and Countryside Service has a number of growth aspirations which have been incorporated into this plan. From an investment perspective, the headline issues that remain to be addressed are as follows:
- ❑ Outdoor Pitches – An Outdoor Playing Pitch Strategy has been endorsed by Executive Board, which forecasts £40m of investment required over a ten year period for pitch and changing facility improvements, of which 50% on a pro rata basis would be required during the five year asset management plan period to 2012. For the purposes of this plan it is assumed that a range of external funding sources will be secured to meet this investment requirement including Lottery monies, Green Leeds and Section 106 Agreements.
  - ❑ Playgrounds - Executive Board has also approved a Fixed Play Strategy establishing the future provision of play space throughout the City. It is estimated that this will require £10m investment into playgrounds over the next ten years, of which 50% on a pro rata basis would be required during the five year asset management plan period to 2012. For the purposes of this plan it is assumed that a range of external funding sources will be secured to meet this investment requirement including Lottery monies, Green Leeds and Section 106 Agreements.
  - ❑ Parks – A Parks Urban Renaissance Programme has commenced with £3.7m available for 2005/09. An assessment of the amount required to bring all parks to Green Flag standard is ongoing, along with the level of future revenue maintenance.
  - ❑ Cemeteries – The Cemeteries and Crematoria Strategy aims to forecast burial demands over a fifty year period. It has identified the short and medium term need for additional burial space in a number of parts of the city. Work is ongoing to acquire land to extend the existing cemeteries at Lawnswood and Harehills at an estimated cost of £5m. Other smaller cemeteries are to be extended or new ones developed on land already owned by the Council at Horsforth, Garforth and Whinmoor. The strategy's reliance for its fifty year supply in the north east part of the city on a large Council owned green belt site at Whinmoor, is under review. Feasibility work is ongoing to explore the potential for a number of smaller sites within the area, which would require additional investment to acquire and develop suitable land. The crematoria require adaptation to comply with mercury abatement regulations by 2012 at a cost of £1.5m.
  - ❑ Allotments - The Department is reviewing its allotments to ensure that the Council continues to provide a service that meets the needs and demands of allotment users. The strategy and the financial implications associated with its implementation will be further developed in 2007.
  - ❑ Regeneration – Large scale regeneration schemes over the next five to twenty years in east, west and south Leeds incorporate relocation of greenspace, pitches and parks including provision of new country parks in Kirkstall Valley and Wykebeck valley. Funding proposals will be developed before any final commitment to invest is made. At this stage the assumption is that the required investment will be generated from a range of external sources.

- Estates – Restoration, refurbishment and development of visitor attractions have recently been completed at Kirkstall Abbey and will be completed at Roundhay Mansion in 2007 using Heritage Lottery funds. Work estimated at £1m is the next priority at the important historical estate at Temple Newsam.
98. **Libraries** – From an asset management perspective, the priority remains the implementation of the National Standards, to ensure that the right size of library is in the correct location, is safe, secure and is also accessible in line with DDA. Over the last two years, in order to address issues of backlog maintenance and poor suitability, the Council has progressed a number of new library schemes at Otley, Horsforth, Dewsbury Road, Eastleigh and Armley. The library at Cottingley, which was based in limited leased space, has been replaced by more effective mobile provision.
  99. The successes achieved to date have tended to include an element of rationalisation as part of the overall investment package. Moreover, this plan promotes the continued application of this approach to enable the service to address the asset management issues that the service faces. A prioritised programme of major repairs / refurbishment is now in place, which will significantly improve the suitability of buildings for service provision. Further work is needed to ensure improved access to buildings in compliance with the DDA and the Access to Customer Services Review. Beeston library is currently in an unsuitable building in a poor location. Work is ongoing to relocate the library to an alternative location which will enable delivery of an improved service. A replacement library is also planned for Swillington.
  100. Opportunities for joint service provision in keeping with Closer Working, Better Services are continually being explored and implemented. The libraries at Chapeltown and Harehills are being re-provided and an innovative automated library service is to be piloted at Kirkstall within the LIFT (Local Improvement Finance Trust) Joint Service Centres in these areas. A feasibility study is in preparation to provide a remodelled Garforth Library accommodating the One Stop Centre.
  101. Phase 2 of the Central Library and Art Gallery refurbishment of Municipal Buildings is being planned, relying in part on external funding sources. Options for improvement or relocation of the West Yorkshire Archive Service's building at Sheepscar will need to be considered during 2007.
  102. **Early Years** - To underpin the Government's agenda for improved integrated childcare, it is proposing to fund the provision of a number of integrated Children's Centres in identified areas of social and economic disadvantage. This will involve remodelling and refurbishment of a number of existing centres as well as new builds within the following proposed timescales. The Capital funding of £4.82m for phase 1 over 2004 - 2006 is to create 716 new childcare places. Further funding of £7.4m has been made available for phase 2 over 2006/08. Phase 3 will extend to 2008 - 10. Careful planning will be necessary to achieve this development programme, which will substantially increase the service available in areas of disadvantage and increase the ability of the Department for more integrated provision across a number of service areas eg Jobs and Skills, Libraries etc.
  103. Provision of early years integrated children's services fits well with primary school locations under the Extended Schools agenda. Leased areas in schools should be flexible to allow easier relocation if schools are no longer needed on the same site. Links with the Primary School Review need to be maintained along with future PFI Primary School re-provision.
  104. Successful partnering with Sure Start has included improvements to childcare provision at Bramley, Burley and Little London on Council owned land.
  105. **Jobs and Skills** - Flexible terms of occupation are required for the buildings of this service because it is mainly dependant on external grants such as Objective 2 and Yorkshire Forward and partnerships are already a key feature. In June 2006 New Deal funding was withdrawn from the Service which has resulted in a reduced presence at the East, West and South Family Learning Centres, and consolidation at Eastgate after withdrawal from Leeming House. The extension of Technorth in Chapeltown will be completed in February 2007, which will offer a range of support services aimed at addressing social and economic exclusion in a deprived area.
  106. For the foreseeable future it is desirable that the service has a presence in key regeneration areas of the city and must continually change to react to market forces, employers needs and local unemployment trends as well as, in some cases, contractual obligation. Further external grants and partnerships will be explored to maintain service delivery and offset the risk of further reduction in external funding and the consequent decrease in use of existing buildings.
  107. **Arts and Events**
  108. Town Hall - A feasibility study is in preparation for further development of the Town Hall as an international concert venue.

109. Grand Theatre – Phase 1 of the refurbishment scheme has been recently completed at a cost of £14.5m with funding from the Arts Council and Leeds city Council. Fundraising has now begun for Phase 2 to seek £9.10m from the Heritage Lotter Fund and the Arts Council.
110. City Varieties theatre - A £9.20m refurbishment scheme has been developed based on a £3.00m bid for Heritage Lottery Funding, £5.20m mainline capital from the Council and £1m unsupported borrowing. This may include a commercial transaction with regard to the licensed property on site.
111. Heritage - The collections housed within the City's museums and galleries require public access and displays as well as conservation.
112. A successful lottery bid for £27m is converting the Leeds Mechanics Institute, formerly housing the Civic Theatre, into a new showcase City Museum providing new display and exhibition space and is due for completion 2007. It is also providing funding for a Discovery / Resource Centre to be located near the Royal Armouries on Clarence Dock due to complete later in 2006.
113. The Municipal Buildings, housing the City Art Gallery and Central Library, remains an important city centre listed building in need of major refurbishment and restoration. A plan has been drawn up to provide integrated services, making better use of the space to give improved accessibility and a complete learning experience. It also incorporates proposals to replace the currently inadequate storage provision for the Leeds section of the West Yorkshire Archive currently located at Sheepscar and other unsuitable buildings. It is proposed that public facing elements would be included within Municipal Buildings and an option has been identified to house the main stock in the necessary environmental conditions by extension of the new City Museum Discovery Centre at Clarence Dock. In total the proposals are forecast to cost £37.50m, which will require at least £3.80m of Council funding and the balance coming from third party sources. Phase 1 of this development is underway to improve access, provide a shop and café in the library, improved entrance to Art Gallery and exhibition space in former Art Library. Possible partnership funders for further development are the Henry Moore Foundation, Arts Council, Yorkshire Forward etc and a Heritage Lottery bid is in preparation.
114. Feasibility studies are underway to improve facilities and services available and resolve outstanding maintenance at Thwaite Mills and Armley Mills Museums.
115. **Youth Service** – Under the corporate review of Community Centres, the transfer of management responsibilities for the buildings to Neighbourhoods and Housing Area Management will be completed during 2006/07. The Youth Service, has reassessed its need for dedicated building provision and it will continue to explore joint use of other buildings wherever possible to encourage more integrated services and increased rationalisation of buildings.
116. The Service has undertaken a major organisational review refocussing Service priorities to reflect the modern Youth Service agenda as defined in "Transforming Youth Work". There will be significant changes to the number and type of delivery points across the city, which has resulted in the Youth Service producing a strategy which aims to:
- Operate a quality Youth Hub in each area dedicated to services for young people;
  - Make the best use of the expertise and resources of local communities and voluntary groups;
  - Booking space on a needs basis within centres managed by other Departments and Services eg libraries, sport and community centres and schools;
  - Increasing the use of mobile provision instead of buildings.
117. An assessment is in progress as to service needs of 'VINE', the Inclusive Learning Service, which provides support for severely physically and mentally disadvantaged people including young people. The service is split between the Blenheim Centre and West Leeds Family Learning Centre, which is unsuitable for the existing needs. The option to relocate the whole service to West Leeds is currently being explored.

<b>Total Capital Requirement</b>	<b>£16.60m</b>
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118. **Social Services** – As a result of the Children Act 2004 and the whole change agenda of Every Child Matters and the 2006 Adult Care White Paper ‘Our Health, Our Care, Our Say’, a transformation process has been commenced. A new corporate Children’s Service has been established to guide the development and implementation of a Children’s Trust and the Children and Young People’s Plan for 2006 -09 aimed at integrating the social care, health and education services for children. Adult Services are moving towards commissioning of services more than direct provision.

119. A number of investment demands are evident within Social Services’ portfolio, namely:

- ❑ **Hostel accommodation for learning difficulties and Mental Health** – The Council has been successful in securing £60m of PFI credits to reprovide its existing hostel accommodation to a less institutional model which promotes more independent living within the community. The Independent Living Project (ILP) will provide over 40 group homes in small bungalow or flat developments on Council owned sites across the city between 2008 – 2010, which will replace 21 hostels.
- ❑ **Children’s Services** – Three supplementary bids have been submitted for children’s services for delivery as part of existing PFI projects which are still at the planning stage. The priority bid is for £5.8m PFI credits as part of the ILP to provide two units of specialist accommodation for young people with a learning difficulty. One unit would be a new provision to address a gap in service provision and the other would replace an existing facility in need of refurbishment. The second and third bids are in respect of additional facilities within a BSF scheme (£4.77m) and a Leisure Centres scheme (£2.18m) respectively.
- ❑ **Young People’s Secure Unit** – This is a regional facility which operates on a fee earning basis, but will need investment if it is to comply with current standards. There is also an opportunity to make provision for girls. An option appraisal is being carried out to determine the preferred solution. Land acquisition is likely to be required, which this plan assumes would be funded from the capital receipt from the current Eastmoor site.
- ❑ **Residential Care for Older People** - In terms of social care, the strategy for older people aims to commission more external support services to enable people to live independently by choice as long as possible and by partnership with registered social landlords for extra care housing and day care. The Department may also seeks to redevelop a number of residential care homes to provide more EMI beds.
- ❑ **Adult Training Centres** - The Council needs to improve the services provided by the existing eight Adult Training Centres. Option appraisals and consultations are required to establish whether these facilities are capable of delivering a modernized service or whether other solutions are more appropriate. Option appraisals are still to be carried out.

<b>Total Capital Requirement</b>	<b>£2.06m</b>
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### City Services

120. **District Roads** – Previous versions of this Plan have highlighted the need for the Council to improve the quality of district roads and additional funding of £12.6m has been made available over the last two years. However although the physical amount of remaining backlog highway maintenance has been reduced, the cost of addressing it has increased. Currently the total backlog maintenance requirement has been costed at £68.06m and in line with prioritisation of backlog maintenance generally, this plan maintains the cost of urgent and preventative work at £15m, for which capital funding is available.

121. **Waste Management** – In order to meet its long term statutory landfill and recycling targets the Council has developed an Integrated Waste Strategy for Leeds. In order to deliver the major elements of the strategy, a PFI Expression of Interest has been submitted to the Department for Environment Food and Rural Affairs for £130m to support the funding of an Energy from Waste Facility and a Waste Transfer Facility. The project delivery timetable anticipates the procurement contract closure in mid 2009 and construction to be completed by the end of 2011. Securing sites and planning permissions represents the most significant risks to the successful delivery of the project. Within the criteria of the draft Waste Development Plan Document, which forms part of the emerging Leeds Local Development Framework, the Council has commissioned a robust and comprehensive district wide site selection exercise to identify sites which could be suitable for major waste facilities. Based on the study, the Council is developing a strategy for securing the necessary land for these purposes and gaining planning permission in 2009 to coincide with the PFI contract closure.

122. New recycling facilities are also proposed under the Integrated Waste Strategy, which sit outside the scope of a PFI project and funding options including unsupported borrowing are to be evaluated. Such facilities include Materials Recycling (£14m), In Vessel Composting (£4m) and Green Window Composting (£0.7m) and procurement could start earlier than the PFI proposals.

123. Subject to securing a suitable alternative site a new Recycling Centre is planned in the south east of the district to replace the Gamblethorpe facility following closure of the landfill site of which it is part. The cost is estimated to be £1.00m which is assumed to be funded from mainline capital.

<b>Total Capital Requirement</b>	<b>£14.66m</b>
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## Development

124. **Economic Services** - Leeds aims to be recognised as a major European city. Therefore it is continuing to invest in city centre projects to further enhance its environment and attractions and project its image both nationally and abroad.
125. Landmark Leeds - As the lead agency in the City, the Council has a key role to play in its physical redevelopment. Within the context of this Asset Management Plan, the Council has committed £5.80m of its in-house capital resources to finance a number of public realm developments. This includes City Centre works to Lands Lane, Dortmund Square, Commercial Street, Central Square and Albion Place. Maintaining the competitiveness of the City Centre for shopping, leisure and commercial purposes is essential for the local and regional economy. Therefore over the next five years, further public realm investment of £20m is assumed, funded in partnership between the Council, Yorkshire Forward and S106 planning agreements.
126. Tourism – Gateway Yorkshire (Tourist information Centre) is the first place visited in Leeds by people arriving at Leeds City Station. Having been in operation for eleven years it is now in need of considerable refurbishment. Options have been costed between £0.31m and £0.56m.
127. Holbeck Urban Village Regeneration – This is an area to the immediate south of the city centre which is characterised by historic buildings which were in the cradle of the industrial revolution. Because of its unique location and character, a major programme has been developed in partnership with Yorkshire Forward and private sector developers. Over the next ten years the regeneration proposals as an Urban Village with residential, creative media and business communities at its heart are expected to attract investment of £800m and create 5,000 new jobs. In order to create the right environment through public realm proposals, the Council will need to consider the extent to which it can match fund development proposals, which may include the Council providing contributory funding along with Yorkshire Forward.
128. Aire Valley Employment Action Area (AVEA) takes in the largest strategic employment site in West Yorkshire, which will be released for development on completion of the East Leeds Link Road connection to the M1 motorway in 2008. The Council secured Department of Transport funding for the road by commitment of ring-fenced capital receipts from its land disposals and other land owners' contributions.
129. Small Industrial Units - the Council has reviewed the condition and performance of the Small Industrial Units portfolio. Whilst the importance of its economic development function is confirmed, it has been concluded that without significant capital investment by the Council, the current service is not sustainable. Such investment is unlikely to be forthcoming and therefore a marketing exercise has been commenced to establish the level of interest in forming a partnership with the private and or voluntary sectors for future management and development of the portfolio. Further work will be carried out in 2007 to explore the potential for such partnership working. This would build on the redevelopment proposal for St Anne's Mills utilising the receipt from disposal of Abbey Mills. This Plan assumes that any financial contributions will come via a rationalisation of the portfolio. Land for new business incubator units has also been identified in the Aire Valley Employment Area. The Council has recently secured £15m investment for the Local Enterprise Growth Initiative (LEGI) for a three year period and it is possible that some of this funding could assist in development of prioritised enterprise needs through this vehicle.
130. **Asset Management** - As earlier described the Corporate Landlord assessment and implementation will represent a significant pressure on the service over the coming year at the same time as other major projects.
131. Leeds Bradford International Airport (LBIA) – This is one of the Council's most valuable investment assets. The airport company is wholly owned by the West Yorkshire Local Authorities, with Leeds owning a 40% shareholding. The airport is a highly significant asset for the sub-region and although the authorities have played an important role in its growth and success, its current ownership structure is likely to limit its full future potential. Therefore The Council, in partnership with the other shareholders and the Airport Company, has concluded that the Airport would be best served by the introduction of a strategic investor who could optimise the potential for growth in an increasingly changing and international market and deliver the necessary capital investment. Accordingly a project board of the stakeholders has been established with a view to progressing a disposal in 2007. The use of the receipt will provide a significant opportunity for the Council to reinvest in key corporate plan objectives not otherwise achievable.
132. Markets – The markets play an important role in supporting the healthy eating agenda and encouraging small businesses. The Council has a long-term aspiration to deliver significant capital investment into Kirkgate Market, which has been estimated to cost £20m however this would place a considerable burden on the Council's capital programme. Therefore, subject to further consultation, a marketing exercise is to be carried out to explore the potential to introduce external investment through partnership with the private sector. In addition, this plan also incorporates £0.26m of Council funding to refurbish Pudsey Market in 2007.

133. Arena – The Vision for Leeds identifies the need to provide flagship facilities and attractions which can host national and international events in the City. An arena project is supported by Yorkshire the Leeds Cultural Partnership and Leeds Chamber of Commerce. With support from Yorkshire Forward, the Council commissioned a study into new cultural facilities for the city, including concert and conference facilities. A further study by specialist consultants is now being undertaken to explore options for funding and development of an arena and upgrading Leeds Town Hall to a first class concert venue. It is anticipated that a level of public subsidy will be required to implement such proposals, although an arena development would be led by the private sector.
134. **Strategy and Policy** – Where Section 106 planning contributions agreements are made by developers instead of on-site provision for greenspace, affordable housing, transport infrastructure, education and other community benefits and the monies can be pooled, the Council will consider how S106 monies can be applied to corporate priorities within the locality.
135. A65 Quality Bus Initiative – Department of Transport support of up to £20.746m has been given at 'Programme Entry' stage. A further £814,00 design cost has been approved from the Local Transport Plan block allocation with a view to a possible start in 2009 and completion in 2011.
136. Bus Rapid Transport – This proposal is to replace the unsuccessful Supertram bid, which has left Leeds as the largest city in Europe without a light rail network. West Yorkshire Metro will submit an outline business case in late 2006 to the Department of Transport (DoT). This seen as an essential means of providing an improved means of public transport if a realistic alternative is to be offered against the car.
137. **Design Services** - Following competition, the Council has entered into a Strategic Design Alliance with major design partners for both architectural, design (Jacobs) and engineering services (Mouchell Parkman) to provide construction solutions of the highest design, quality and sustainability.
138. Jacobs – The Strategic Design Alliance has been forged between Leeds City Council and Jacobs, a team of international design consultants. The partnership has been initiated to ensure the council continues to deliver first class design services for future developments across the city. Working in partnership with the council's in-house Architectural Design Service, Jacobs will share projects as a team to provide a full range of professional architectural and design related services for all the council's traditional construction projects including schools, community leisure, cultural facilities and highways.
- Jacobs, a subsidiary of Jacobs Engineering Group Inc, have over 4,500 staff based in 50 offices in the UK and 35,000 staff worldwide. Jacobs are a leading technical and management consultancy operating in property, transport, environment, facilities, defence and energy, with partnerships and outsourcings markets both in the UK and Internationally. The company already provides professional design services in partnership with a number of local authorities and has developed award winning designs including Exeter Crown Courts and the Buckinghamshire Museum redevelopment.
139. A three year partnership for engineering services with Mouchell Parkman also delivers current major infrastructure schemes to drive the city forward including:
140. Inner Ring Road Stage 7 - (final Ring road connection with the motorway to the south and east of the city) with capped DoT budget of £50.538m for completion by December 2008. Most recent estimates suggest funding gap of £1.022m, which would have to be funded by the Council.
141. East Leeds Link Road - (between Ring Road and M1 motorway south east of the city referred to above) with £34.114m budget including capped DoT budget of £16.152m, £10.752m from adjoining private landowners and £7.21m from the Council. Scheduled to start in November 2006 and complete November 2008. No current cost overrun expected.

<b>Total Capital Requirement</b>	<b>£19.46m</b>
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#### Chief Executive's

142. **Customer Services** – Following the Best Value Review of Access to Services, the Council developed its Customer Strategy 2005 – 08 which seeks to deliver a step change in the way in which its services are delivered to customers. From an asset management perspective two areas of the service are key to this process of change, namely face to face service delivery and the application of contact centre technology.
143. In terms of face to face service delivery, the Council is seeking to develop its network of One-Stop Centres and Joint Service Centres to ensure that, in deprived parts of the City, face to face contact is available to address some of the more difficult and complex issues arising. In part, the Council intends to achieve this

through the application of £15.70m of PFI credits for which the Outline Business Case has now been approved and occupation is expected in Autumn 2008.

144. With regard to technology, the Council is improving its approach to telephone and electronic access to services through its Channel Strategy to widen the choice of customer contact channels through use of information technology. This will promote customer self – service and enable use of the cheapest appropriate channel, while focussing resources to deal with the more difficult and complex issues often presented by socially excluded groups where face to face contact is necessary. Accordingly, a new Corporate Contact Centre has been opened in leased third party accommodation in the city centre as the means of delivering the property solution. The cost of £1.26m was funded from the Capital Programme.

<b>Total Capital Requirement</b>	<b>£0.01m</b>
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145. **Cross-Cutting Issues**

146. **City Centre Office Review** – The Council successfully implemented a city-centre office reorganisation project in 2003/04, which reduced total accommodation by 6%. City centre office accommodation is now operating close to its optimum efficiency. Moreover, further efficiencies of any significance will only be possible by adopting more flexible forms of working. The IT Network Infrastructure Project has released the opportunity to explore the opportunities arising from mobile, flexible and homeworking, the principles of which have been embraced by all departments. Accordingly, the Asset Management Unit and Corporate Services Department will assess the opportunities for implementing flexible working proposals, which have the capacity to provide operational and financial efficiencies for the Council. The Council currently occupies 24,286sq m (261,409 sq ft) of city centre office space on short to medium term leases as a result of reactive response to pressures for additional accommodation. During 2007 the Council will be reviewing its city centre accommodation and the scope to take a more strategic approach to provision of accommodation for both public facing and back office staff.
147. **Joint Service Centres** – Local Improvement Finance Trusts (LIFT) are a Department of Health initiative which aims to deliver improvements in the quality of the Primary Care estate and also to encourage a greater degree of integration in the health / public sector.
148. The Council's Executive Board has given approval to the Local Authority participating in the Strategic Partnering Agreement and entering into Level 2 participation in the Leeds LIFT project. In addition, during 2004 the Council took a minority shareholding in Leeds LIFT Co.
149. Level 2 involvement means that the Council will participate in the Strategic Partnering Agreement, without exclusivity. Involvement at this level gives the Council a continuing input to the Leeds LIFT through its membership of the Strategic Partnering Board, and preserves for the Council, without obligation, some right to seek to enter Lease Plus Agreements at some stage in the future.
150. In essence, LIFT is a new method of procuring capital infrastructure projects, which sits alongside existing routes such as mainstream capital developments and PFI. Moreover, LIFT affords the potential to integrate Council services with other public sector providers, particularly where synergies exist with our partners in the health sector.
151. To this end, the Council has participated in two Tranche 1 LIFT schemes, namely the provision of an Integrated Children's Centre in Armley and the development of office accommodation for Social Services in the Extended Care Centre planned for Woodhouse. The Council has also assisted PCTs in land assembly, for other Tranche 1 and 2 schemes by disposing of key sites to Leeds LIFT Co at Beeston, Yeadon, Osmondthorpe and Wetherby by private treaty on a market value basis.
152. The Council has also committed to use its £15.7m PFI credits for Joint Service Centres, to provide face to face contact in three inner city locations (Chapelton, Harehills and Kirkstall) to develop the facilities through LIFT Tranche 3. In addition to PCT front line health services, the Council Joint Service Centres include Customer Services for face to face enquiries and other public facing services such as libraries, social services and environmental health, together with voluntary sector credit union facilities. The Joint Services Centres are programmed to open in Autumn 2008.
153. **Building Conservation** – As the major land and property owner in the City, the Council has a significant role to play in the management of heritage assets, which contribute to the general quality of life. The quality of the built environment can have a significant impact on the social, cultural and economic success of local communities. Moreover, in line with English Heritage's guidance on the management of public heritage assets, it is recognised that the Council needs to set a good example as a custodian of listed properties.
154. Currently, the Council owns in excess of 150 listed buildings and structures, many of which are held as heritage assets by the Learning and Leisure Department. In addition, of the 150 plus buildings and

structures, in 2005 some 26 appeared on the Buildings at Risk Register produced by the Council, as planning authority. This accounted for 28% of the total Buildings at Risk in Leeds. It is, therefore, apparent that Local Authority had a high number of properties on the Buildings at Risk Register.

155. As part of the 'Closer Working Better Services' agenda, the Council has brought together its planning function together with the corporate landlord property ownership role within the Development Department. With this in mind, the Council has sought to address the issues relating to each of the 26 properties at risk. To this end 6 of the Council owned properties at risk have been disposed of for refurbishment, but two new properties have been added to the list. Therefore an action plan is periodically reviewed at the corporate Asset Management Working Group, when departmental heads of property can report progress with planning colleagues present.
156. Furthermore, it is recognised that each property at risk is unique in its own right and as such the solution will also have to be bespoke to each particular circumstance. Sometimes public pressure to retain such assets, after they are no longer needed for service delivery and budgets have been re-aligned, can contribute to the problem by delaying the disposal process which often results in deterioration of the property through vandalism, theft or arson while vacant. Therefore from an asset management perspective, if there are no service reasons for owning a particular listed building, its prompt disposal for an economic use is the favoured solution in order to generate private sector funds for its refurbishment and subsequent maintenance as soon as possible. However, for operational listed buildings, it is planned that any capital works that need to be undertaken by the Council will be financed from the Priority Maintenance Fund in the first instance.
157. **Community Ownership of Assets** – The Council seeks to empower community organisations to underpin the creation and maintenance of strong and prosperous communities. To this end, the Council has traditionally granted a range of leases of land or buildings to community organisations, which are aligned to delivery of strategic outcomes set out in the Council Plan. Where a request is received for property at less than market value, it is evaluated through the Council's 'Less Than Best Consideration' policy, which assesses the capital opportunity cost of the proposal through a project justification and scoring system to ensure that it is appraised on a consistent basis and satisfies Council Plan objectives. Organisational capacity, financial and constitutional safeguards and call on revenue resources are included within the appraisal system. Such support has often enabled an organisation to lever in external funding or other forms of support in developing new community facilities. Other organisations without the capacity to manage and fund their own facilities are supported through the community lettings policy, which is funded by grant aid from sponsoring departmental revenue budgets.
158. In relation to the Quirke Review of Community Ownership of Assets and the Government White Paper on Strong and Prosperous Communities, through its Area Management role the Council will consider the extent to which requests to transfer the ownership of community assets are in line with the Community Centre strategy, which is aimed at optimising the distribution, level of usage and quality of community facilities across the district. Where necessary the Council will commission further area based reviews of community facilities to evaluate the strategic fit of requested transfers.
159. In a recent example, Chapeltown Community Centre Action Group requested the transfer of ownership of Council land for erection of a new community centre. The land in question is proposed for development as one of the new Joint Service Centres for public facing Council and PCT services. The Council commissioned a review of community facilities in the area which identified fifteen buildings, many of which are underused and concluded that, rather than creation of a new facility, more measures need to be put in place to inform local people what is available and make better use of the existing resources.
160. In line with its 'Less Than Best Consideration' policy, the Council will consider the use of its powers to transfer ownership taking into account the benefits of community management, wider corporate objectives, opportunity costs, the requirement for refurbishment capital and its availability from external sources or mainline capital funding.

## OPTION APPRAISAL

161. Given the issues highlighted above, the Council has considered a number of generic options that will help it to address the asset management problems that it faces. The options include:
  - Existing in house management and traditional Council investment.
  - Management contracts with other public sector bodies.
  - Prudential Accounting (borrowing).
  - Companies at Arm's length from the Council.
  - Joint Venture Companies.
  - Non Profit Distributing Organisations (Trusts).
  - Public, Private Partnerships and Private Finance Initiatives.
  - Grants from external organisations.
  - Outsourcing to the private sector.
  - Rationalising the Portfolio.
  - Hot Desking & Working from Home.
  - Shared Accommodation eg LIFT.



162. From the options detailed above, the Council has identified a preferred mix of solutions to resolve the asset management problems that it faces and to close the gap between the current provision and future requirements of the property portfolio. An overview of the most significant problems addressed through this process is detailed overleaf. In addition, the preferred mix of solutions that has been proposed has taken cognisance of the consultation that has been undertaken and detailed earlier.
163. This preferred mix of solutions has been arrived at following an assessment of the Council's current and future capital resources. In addition to the above, the Council will continue to appraise new property related capital schemes over the asset lifetime against corporate objectives, via its capital scoring matrix. The option appraisal methodology for large-scale new build and refurbishment projects was introduced following the best value review of Asset Management that took place in 2001-2002.

### Financial Planning

164. The Council will need to implement a mix of solutions to help generate the capital required to eliminate its backlog maintenance problems and meet the expectations of departments for growth in their capital programmes.
165. The General Fund issues are costed in appendix 2, where it is stated that the likely net additional cost of remedial works and growth was of the order of £1,036m. Set against the capital requirement detailed above, the Council has considered the level of 'flexible' resources beyond the existing Capital Programme 2006-2010, which it expects to have available up to 2011-2012 and these are shown in Table 5 below.

**Table 5:** An Assessment of the Additional Capital Resources Available 2010 – 2012 beyond the Current Capital Programme

	2010/11	2011/12	2007/12	Totals
Single Capital Pot	4.70	4.70		<b>9.40</b>
Capital Receipts	7.50	7.50	20.00	<b>35.00</b>
<b>Totals</b>	<b>12.20</b>	<b>12.20</b>	<b>20.00</b>	<b>44.40</b>

166. It is assumed that a 10% contribution to backlog maintenance of £9.40m could be made available from the anticipated £94.31m Single Capital Pot funding over the plan period which lies beyond the capital programme.
167. It should be reiterated that the Council's ability to raise 'flexible' capital resources (ie those which are not linked to specific capital schemes) is limited, with the main source of such resources being capital receipts. Previous Asset Management Plans have made conservative capital receipt forecasts up to 2010, although the plan has also relied upon additional capital receipts through rationalisation. Because the Council's ability to continue raising capital receipts becomes more difficult as time goes by, the capital receipts forecast for 2010 to 2012 has been reduced to £7.50m per annum, but receipts of a further £20m have been included to take into account the likelihood that a number of high value, but difficult to forecast, strategic capital receipts should be completed some time within the extended plan period.
168. The consequence of this adjustment is a capital receipt forecast for the period to the end of financial year 2011-2012 of some £35.00 m, which when combined with the Single Capital Pot (£9.40m) gives a total forecast of £44.40m in 'flexible' resources available for supporting the future capital programme during the plan period.
169. However the fact that the maintenance backlog solution will take up to 4 years to implement creates a further problem. The figure of £89.68m, which is the cost of resolving the General Fund backlog problems, is calculated at 2005 prices. If the backlog works are spread over a 4-year period through to 2010-2011 then the additional cost relating to construction industry inflation will also have to be met. If the assumption is made that these works are spread evenly over a 4 year period and that inflation is added then a further £6.39m has been included to the bill giving a total cost of £96.07m, which has been added to the Solutions Matrix at appendix 2.
170. In addition to the identified costs of backlog maintenance and growth aspirations, the current level of planned capital programme over-programming of £50m has also been included, which leads to a total capital requirement of £1,036.49m.
171. The funding of this high level of resource requirement is primarily through use of innovative approaches and use of flexible resources from capital receipts to lever in third party capital and unsupported borrowing.
172. These proposals have been incorporated into the 'Solutions Matrix' in appendix 1 to show how, over time, the Council might resolve its capital funding pressures.
173. However, it is apparent that this is no short term 'fix' to the capital funding problems which the Council faces. Moreover, PFI/PPP and Trust type solutions can take several years to set up and the £44.40m of

'flexible' Council resources assumed in the solution is raised over the 5-year period from 2006-2007 through to 2011-2012. In other words, as a minimum the Council is looking at a 5-year solution and during this period a highly disciplined and focussed approach to capital investment will be required. In addition the Council will need to generate an additional £46.95m of resources from additional rationalisation to balance the Programme through continued property reviews.

Therefore the necessary resources identified to fund the forecast costs of £1,036.49m are shown in table 6 as follows:

<b>Table 6</b>	<b>£M</b>	<b>£M</b>
LCC Mainline Capital:		
<input type="checkbox"/> Asset Management capital maintenance allocations	69.14	
<input type="checkbox"/> Single Capital Pot	9.40	
<input type="checkbox"/> Capital Receipts	35.00	113.54
In addition, the Solutions Matrix at Table 17 proposes that the following resources could be realised <sup>3</sup> :		
Specific Rationalisation Savings/Capital Receipts		
<input type="checkbox"/> Rationalisation to support essential maintenance	8.75	
<input type="checkbox"/> Rationalisation to support growth proposals	27.97	36.72
Unsupported borrowing		
<input type="checkbox"/> Borrowing to support essential maintenance	6.23	
<input type="checkbox"/> Borrowing to support growth proposals	22.47	28.70
Third Party Capital		
<input type="checkbox"/> Third Party Capital to support essential maintenance	19.64	
<input type="checkbox"/> Third Party Capital to support growth proposals	790.94	810.58
Total Resources Available		989.54
Resources Required		1,036.49
Additional rationalisation necessary for AMP delivery		46.95

### Property Reviews

174. The Council will generate the additional £46.95m of flexible resources from additional rationalisation to balance the Programme through continued property reviews. Departmental Asset Management Plans have formed the basis by which departments and the Asset Management Unit have continued to review the Council's property holdings. Moreover, many of the actions highlighted above have been undertaken as a consequence of the departmental planning process. In addition, the property review process also includes the use of the property database and the application of performance measurement. The introduction of a corporate landlord structure will assist this process. In particular the Council has:

- Considered the appropriateness of its property portfolio at an individual service level.
- Measured the space utilisation of its staff accommodation.
- Instigated a review of the management framework that promotes and encourages a corporate approach to property, involving all service departments and which will lead to a Corporate Landlord structure.
- Collated all Council property onto a single database which highlights vacant/surplus property.
- Plotted all of the Council's properties on its GIS system to enable a spatial analysis of the portfolio to be undertaken.
- As part of the best value review of Asset Management, a pilot Land Holdings Review project has begun to identify and release surplus, or under utilised property for disposal. The freeing up of technical resources for the project is facilitated by the introduction of the corporate property database and by review of departmental priorities against corporate objectives.

## SUMMARY

175. This document serves to highlight the extent of the progress made by the Council in the implementation of its ten-year Asset Management Plan and moving to a five year rolling programme and beyond to continue long-term planning. The present solution will involve a mix of capital resources, including a substantial proportion of third party capital. In addition, to bridge the funding gap that is still apparent, the Council has set realistic capital receipts targets for the disposal of property released through the asset management process.
176. Consequently, this document recommends organisational changes and a possible solution mix, which over the next five year period, will address the asset management issues faced by the Council including £110m of disposals through rationalisation.
177. This Plan will be subject to regular review to ensure that the Council maintains a strategic approach to the management of its assets.
178. This will involve the Council working towards the following outcomes which will carry forward the Asset Management Plan into a new phase:
- Housing Revenue Account - integrating the high level asset management implications arising from the HRA social housing decency programmes and clearance of unsuitable housing stock. During this period the reorganised Arm's Length Management Organisations' own asset management plans for the housing stock under their control, will be incorporated into the corporate asset management plan.
  - Affordable Housing – the Council will be developing a mechanism to maximise the delivery of a range of affordable housing opportunities to assist people onto the housing ladder by making available Council land on a strategic long term basis.
  - Regeneration – development of its first Area Asset Management Plan for the EASEL regeneration area of east and south east Leeds. This will involve consideration of its cleared social and private sector housing market renewal sites within the Council's Neighbourhood Renewal proposals. It will also involve working with the Council's partners to co-ordinate asset management actions to achieve shared objectives. The EASEL Area AMP will be incorporated into the next corporate asset management plan to ensure that its resource implications are built into the overall City wide solution.

GENERAL FUND £M	ASSET MANAGEMENT PLAN SOLUTIONS MATRIX - 2006 / 07 TO 20011 / 12										Additional Call on LCC Mainline Capital Programme (5) + (10)
	FUNDING OF ESSENTIAL BACKLOG MAINTENANCE FOR EXISTING PROPERTIES					FUNDING OF NEW GROWTH PROPOSALS - SOURCES OF ADDITIONAL CAPITAL					
	COST	RESOURCES POTENTIALLY AVAILABLE		NEW LCC CAPITAL	COST	RESOURCES POTENTIALLY AVAILABLE		NEW LCC CAPITAL	Total Additional Capital Required from all Sources (1) + (6)		
DEPARTMENT	Essential Backlog Maintenance March 2006 (1)	Asset Management Capital Programme 2006 - 11 (2)	Third Party Funding / Borrowing (3)	Rationalisation / Capital Receipts (4)	Net Backlog Capital Required (5)	Unfunded Deptmtl Growth Priorities (6)	Third Party Contributions (7)	Rationalisation / Capital Receipts (8)	Unsuppor ted Borrowing (9)	Net Growth Capital Required (10)	
<b>City Services:</b>											
	Depots & offices	0.50	0.00							0.00	0.50
	<b>District Roads</b>	<b>15.00</b>	15.00							0.00	0.00
	Principal Roads									0.00	0.00
	Car Parks	0.00	0.00							0.00	0.00
	Refuse Collection	0.00	0.00							0.00	0.00
	Waste Management	0.17	0.00	0.17						0.00	0.17
	Civic Buildings	2.88	0.28							2.60	2.60
	Misc Props	0.20	0.00	0.20						0.00	0.20
	AMG Allocation	0.00	2.11							0.00	-2.11
<b>Chief Executives:</b>											
	One Stop Centres	0.25	0.00							0.00	0.25
	AMG Allocation	0.00	0.24							0.00	-0.24
<b>Education Leads:</b>											
	Schools / other services	37.64	18.00	19.64						0.00	0.00
<b>Neighbourhoods and Housing:</b>											
	Housing GF	0.91	0.00							0.00	0.91
	Community Centres	2.93	0.00		0.75					0.00	2.18
	Regeneration	0.00	0.00							0.00	0.00
	AMG Allocation	0.00	1.09							0.00	-1.09
<b>Learning &amp; Leisure:</b>											
	Parks & Countryside	10.36	0.45		8.00					0.00	0.00
	<b>Sport</b>	<b>9.20</b>	3.97	5.23						4.35	6.26
	Arts & Heritage	1.00	0.19	1.00						0.00	0.00
	Jobs & Skills	0.37	0.08							0.00	0.37
	Libraries	1.89	0.56							0.00	1.33
	Youth	0.29	0.11							0.00	0.18
	Early Years	0.54	0.00							0.00	0.54
	AMG Allocation	0.00	5.46							0.00	-5.46
<b>Development:</b>											
	Economic Services	0.45	0.00							0.00	0.45
	Asset Management	1.45	0.00							0.00	1.45
<b>Social:</b>											
	Childrens Services	0.30	0.00							0.00	0.30
	Miscellaneous	0.23	0.00							0.00	0.23
	Learning Disabilities	1.63	0.59							0.00	1.04
	Mental Health	0.17	0.00							0.00	0.17
	Physical Disabilities	0.16	0.00							0.00	0.16
	Older People	1.16	0.00							0.00	1.16
	AMG Allocation	0.00	1.00							0.00	-1.00
Miscellaneous funding	Priority Major Maintenance contribution		1.62							0.00	0.00
	DDA Access Fund		4.31							0.00	-1.62
<b>Subtotals</b>		<b>89.68</b>	<b>55.06</b>	<b>25.87</b>	<b>8.75</b>					<b>49.04</b>	<b>980.10</b>
Inflation 2006 - 2008		6.39								0.00	6.39
Capital Programme Overprogramming										0.00	0.00
Priority Major Maintenance balance			14.08							50.00	64.04
Single Capital Pot 2009-12 contribution				9.40						0.00	-14.08
Future Capital Receipts Programme 2009 - 2012										0.00	0.00
Resources Available			69.14	35.27	8.75					0.00	-35.00
<b>TOTAL COST &amp; RESOURCES AVAILABLE / REQUIRED</b>		<b>96.07</b>	<b>113.16</b>							<b>876.38</b>	<b>1036.49</b>

Additional Asset Rationalisation Target £46.95m

**Solutions Matrix Explanatory Notes:**

**ASSET MANAGEMENT PLAN PERIOD** - Rolling 5 year plan period 2006/07 - 2011/12

**FUNDING OF ESSENTIAL BACKLOG MAINTENANCE FOR EXISTING PROPERTIES:** Funding of essential maintenance required to bring properties to a standard where future planned maintenance funding will be sufficient to maintain the fabric.

(1) Essential Backlog Maintenance - Urgent or essential maintenance required within 2 years to address health & safety, legislation or prevent serious deterioration of the fabric. Where very large scale works and sums are involved (eg Schools, Sport and Roads), for practical reasons it is assumed that these works will need to be procured over a 4 year period. Medium term planned maintenance is expected to subsequently maintain the fabric.

(2) Asset Management Capital Programme 2006 / 11 - Existing capital programme allocations which have been identified to deal with backlog issues during the 4 year capital programme period.

(3) Third Party Capital Funding - Other capital sources which have been identified to deal with backlog issues up to a 4 year period (eg schools devolved capital for minor B list refurbishment schemes, Single Capital Pot contributions and Unsupported Borrowing).

(4) Rationalisation / Capital Receipts - Receipts from disposal of property released as a result of rationalisation schemes to reduce the stock of buildings with condition or suitability problems, where not already included in the capital receipts program

(5) Net Backlog Capital Required - Net capital requirement to deal with essential backlog maintenance over a 4 year period after allowing for existing funding sources (1 - 2+3).

**FUNDING OF NEW GROWTH PROPOSALS - SOURCES OF ADDITIONAL CAPITAL:** Funding of new capital expenditure proposals for which departments will seek corporate support and funding, where Outline Business Case not yet approved and/or not yet included in mainline capital programme.

(6) Unfunded Growth Priorities - Total cost of new capital expenditure proposals where not included in mainline capital programme or no Outline Business Case approved.

(7) Third Party Contributions - External funding sources identified as contribution to scheme costs (eg PFI credits, lottery and other grants, S106 payments).

(8) Rationalisation / Capital Receipts - Receipts from disposal of surplus property released as a result of the scheme where not already included in the capital receipts programme.

(9) Unsupported Borrowing - Borrowing in line with the Prudential code where interest payments can be supported from a sustainable income stream arising from the scheme.

(10) Net Growth Capital Required - Net capital required for new scheme proposals after allowing for identified funding sources (5 - 6+7+8).

**Total Additional Capital Required from all Sources** - for both backlog maintenance and new unfunded capital schemes (1) + (6).

**Additional Call on LCC Mainline Capital Programme** - Combined new capital programme requirement from both backlog maintenance and new unfunded capital schemes (5) + (10).

**ASSET MANAGEMENT FUNDING ISSUES / SOLUTIONS** - Assumptions made to achieve a balance of future capital requirements against resources and resulting asset rationalisation requirement:

Inflation 2006 - 2008 - Average 2 year inflation to 2007/08 built in at cumulative 3.5% from 2005/06 backlog figures.

Capital Programme Overprogramming on programme up to 2011/12 - £50.00m.

Single Capital Pot - 3 years 2009 -12 assumed 10% contribution of £9.40m from £94.31m Single Capital Pot.

Future Capital Receipts Programme - £35m - 2 years beyond current capital receipts programme 2010 - 2012 at £7.50m pa plus £20m city centre / strategic sites.

**Additional Asset Rationalisation Target** - £46.95m additional property rationalisation required to fund the Asset Management Plan strategic objectives highlighted above.