

EXETER CITY COUNCIL

SCRUTINY COMMITTEE - ECONOMY

7 NOVEMBER 2007

PROPERTY PERFORMANCE INDICATORS

1.0 Purpose of Report

- 1.1 To inform Members of the position regarding the Council's performance on Property Performance Indicators (PPIs) and to establish further targets for those indicators.

2.0 Background

- 2.1 The City Council has a significant property asset portfolio. At the year end for 2006/7 the net book values of these assets (not including housing) were as follows:

Operational assets	£55,271,000
Non-operational assets	£45,076,000

- 2.2 The non-operational portfolio is held for strategic purposes and also generates a substantial rent roll which underpins the City Council's revenue budget.
- 2.3 As part of its Asset Management Plan requirements for local authorities, the Government has established high level PPIs which have been developed to provide a standard set of data against which authorities can measure their own performance year on year and also can use to benchmark nationally. These were first reported in the Council's Asset Management Plan submission to the Government Office South West in July 2002 for the year 2001/2 and have been reported to Economy Scrutiny Committee on an annual basis since then.
- 2.4 The Council has also identified a series of local PPIs to measure specific performance in certain areas. It is intended that these will assist the Council to focus on and monitor in greater detail the objectives set out in the Capital Strategy and Asset Management Plan. Again, these PPIs have been reported annually to the Economy Scrutiny Committee since 2003.
- 2.5 The Economy Scrutiny Committee also set targets for both the national and local PPIs and performance against these targets are shown in the PPI tables in the Annex to this Report.

3.0 Property Performance Indicators and Targets

- 3.1 The returns for 2006/7 are set out in the Annex together with the 2005/6 data and the targets set for 2006/7. New targets for 2007/8 are also proposed.

4.0 Performance Analysis

- 4.1 Particular comment can be made as follows:

National PPIs

- 1B (i) Backlog of maintenance:
The AIM programme continues to make significant inroads into the outstanding identified maintenance load with most premises now fit for purpose (condition Category B). Attention is being paid to Category D properties to look to improve these assets.
- (ii) Most urgent outstanding works have now been addressed. Significant progress has been made in reducing the urgent backlog of maintenance and it is hoped that we will be able to ensure that the key focus of our maintenance activities is now on planned maintenance rather than reactive, urgent work.
2. Overall Average Internal Rate of Return:
The rate of return has shifted downwards to reflect the lower yields now being achieved for the City Council's retail portfolio and to reflect the fact that a number of rent reviews have been settled over the year.
3. Annual Management Costs:
We do not record time across Services in a way that enables reporting on this indicator to be reliable.
- 4.2 It is worth noting that all the national indicators are under review.

Local PPIs

1. Capital Disposals:
Significant receipts were not received in the year 2006/7 (e.g. Fountain House, Burns Avenue, Canal Basin). However many of these are now completing early in the current financial year and we should be able to move back towards target.
3. Voids:
Although the figure (which was calculated at the end of January 2007) has regrettably increased, the situation now is that many of these properties have subsequently been let and the voids figure is consequently much lower. The separate Voids and Debts Report on this Agenda sets out the current position.
- 5.0 RECOMMENDED that:**
- 5.1 The report on Property Performance Indicators be noted and the targets for 2007/8 be adopted.

**DAVID PROSSER
HEAD OF ESTATES
ECONOMY & DEVELOPMENT DIRECTORATE**

Local Government (Access to Information) Act 1985 (as amended)**Background papers used in compiling this report:**

Revenue and Capital Estimates
Draft Accounts 2006/7

NATIONAL PROPERTY PERFORMANCE INDICATORS AND TARGETS

	Property Performance Indicators	Performance 2005/6	Target 2006/7	Performance 2006/7	Target 2007/8
1A	Percentage of gross internal floor space in condition categories A to D for operational properties				
	A (Good)	42%	45%	42%	42%
	B (Satisfactory)	46%	50%	48%	49%
	C (Poor)	9%	4%	7%	7%
	D (Bad)	3%	1%	3%	2%
1B.	Backlog of maintenance by cost for operational property expressed as:				
	(i) As total value (up to condition B)	£347,500	£300,000	£347,500	£300,000
	(ii) As a percentage in priority levels 1 – 3.				
	1 (Urgent)	4%	5%	4%	4%
	2 (Essential)	17%	20%	15%	11%
	3 (Desirable)	79%	75%	81%	85%
2.	Overall average internal rate of return (IRR) for the Council's Retail Portfolio.	11.1%	11%	10.25%	10%
3A	Total annual management costs per sq metre (GIA) for the Operational Portfolio	Management time not recorded across services.			

	Property Performance Indicators	Performance 2005/6	Target 2006/7	Performance 2006/7	Target 2007/8
3B	Total annual management costs per sq metre (GIA) for non-operational property.	Management time not recorded across the services.			
4A	Total annual repair and maintenance costs per sq metre (GIA) for operational property.	£18.97	£18.00	£20.13	£20.00
4B	Total annual energy costs per sq metre (GIA) for operational property.	£2.64	£2.75	£2.31	£2.25
4C	Total annual water costs per sq metre (GIA) for operational property.	£3.26	£2.50	£1.54	£1.50
4D	Total annual CO ₂ emissions in tonnes per sq metre (GIA) for operational property.	0.003	0.004	0.004	0.004
5A	Percentage of projects where outturn falls within plus or minus 5% of estimated outturn.*	82%	85%	68%	70%
5B	Percentage of projects falling within plus 5% of estimated timescale	60%	70%	69%	77%

LOCAL PROPERTY PERFORMANCE INDICATORS

	Property Performance Indicators	Performance 2005/6	Target 2006/7	Performance 2006/7	Target 2007/8
1.	Performance of capital disposals against target set as a percentage of the financial value achieved against the target set.	81%	100%	32%	100%
2.	Performance of Investment Portfolio as a percentage of the return of income against capital value of the investment estate.	6.6%	6.5%	7.2%	7.0%
3.	Voids. Number of lettable units void as a percentage of total units.	5.3%	5%	6.1%	5%
4.	Efficiency of Income Collection as a percentage of total gross income receivable as a percentage achieved in the first quarter.	99%	99%	99%	99%

- * This indicator is designed to measure the accuracy of our estimating processes. To arrive at the percentage an analysis of projects is undertaken at a point in time (usually May) to determine which will fall within plus or minus 5% of the original estimate at year end. This can result in projects being regarded as a failure in terms of the indicator when they would otherwise be regarded as well managed projects by the council. So for example replacing the boiler flue at the guildhall was estimated to cost £10K however it has only cost £9K which obviously is a saving to the council but as it is a 10% saving it is regarded as a failure in terms of the financial indicator

The usefulness of this indicator is currently being reviewed and it is likely to be withdrawn