

CABINET
10 MARCH 2016

ASSET MANAGEMENT AND CAPITAL STRATEGY PLAN
(CORPORATE)

Cabinet Member Cllr R Stanley
Responsible Officer Nick Sanderson, Head of Housing & Property Services

Reason for Report: To bring to members' attention the revised Asset Management and Capital Strategy Plan for 2016 - 2020

RECOMMENDATION: that
The Cabinet endorse this Capital Strategy and Asset Management Plan 2016 – 2020 that provides the base for future asset management planning for the Council.

Relationship to Corporate Plan: Property assets are linked to the delivery, vision and priorities of the Council. The way that the Council manages its land and property assets has a direct impact on the quality of services delivered as well as maximising the value derived from our property holdings for the on-going contribution in balancing the Councils budgets. It is, therefore, important that efficient and effective use is made of our asset portfolio to support corporate and service objectives.

Financial Implications: The delivery of this strategy will ensure best use of resources in a wide area of activities.

Legal Implications: None directly arising from this report.

Risk Assessment: Risk Assessments will be carried out on individual projects to mitigate risks.

1. Introduction

1.1 This Asset Management Plan (AMP) has been revised with clear intent:

- To invest our capital in existing and new assets with the intent to reduce revenue running costs over the life of a building, or to generate an income stream from rentals.
- To provide the right assets in the right place at the right time from which to deliver our services.
- To maximise the Estate's value for money.
- To capitalise on the potential for a new investment based approach to commercial property opportunities, which will deliver low risk, sustainable revenue income for the Council in the medium to long term.
- To enable the objectives of the Business plan for Property Services to be met.

- 1.2 The AMP details how the Council manages our Estate and describes how we shall treat all properties as a Council asset and how they will be managed strategically by our Estates and Property Services Team that ensure Corporate landlord responsibilities are met.
- 1.3 The AMP places our Property Assets at the centre of Council decision-making, acknowledging the importance and financial value, its value in the support of services and the need for property matters to be linked and considered on the business plans across all services.
- 1.4 The AMP identifies principles to improve and regularly review our services and establish future methodologies for the creation of a fit for purpose property portfolio for the Council, which is required to be effective and efficient.
- 1.5 The Corporate Plan objectives can directly impact on the property from which we operate and the investment decisions we make. The governance and review process defined within the AMP ensures these priorities are considered during the decision making process.

2. Assessment of the need for the Asset Management Plan – (SWOT Analysis)

2.1 Strengths/Opportunities - maintaining the status quo brings the following:

- We will not bear the costs of Asset Management Planning in terms of data collection, analysis and programme formulation.
- Service areas can operate independently, bringing a perception of empowerment and swiftness of decision making, such as leisure services.
- Demonstrate value for money.

2.2 Weakness/Threats - the importance of Asset Management is critical and failure to implement could result in the following:

- Unable to make a judgement to our approach to property which can lead to risks of duplication, increased cost and poor utility management.
- Enter into occupancy agreements with third parties in circumstances that may disadvantage the Council.
- Expend resource on and offer services from unsuitable premises.
- The true cost of property is not understood, nor its importance concealed within the business planning processes of the Council's Service Delivery units.
- Miss opportunities for asset sharing with other parties including local authorities, blue light services and Parish Councils.
- Fail to achieve maximum value from our assets base.

3. Annex A – Asset Management Action Plan

- 3.1 The AMP proposes additional works in order to take forward its recommendations. These include the formulation of a property review process; the making of an approach to property investment portfolio creation and the on-going maintenance of property information to ensure sound decision making going forward and Capital financial planning.

4. Asset Management Plan Implications

4.1 Property

The property implications from following the recommendations within the AMP could be profound. We should expect improved property, greater cross service sharing, increased capital receipts and an increase in revenue income resulting from property review and Capital investment.

4.2 Financial

There are no financial implications directly arising from this report. Sound management of our assets will always require a sufficient maintenance budget in order that the life and usage of our assets is maximised.

The costs of asset management are included in the recharges to those services that make use of the asset. Where sales and disposals occur then the net available income is made available to meet Corporate priorities outlined in our Corporate Plan.

4.3 Other Implications

The expectation is that levels of stakeholder engagement relating to property matters will increase as a result of this AMP. It requires information from building users, visitors, managers and planners to create a future property portfolio that is good value, suitable for purpose and sustainable.

The adoption of AMP is a Corporate issue which may impact across all divisions. Where the action affects a particular division in relation to disposal or acquisition of a property asset or interest, then each relevant Member will be consulted in accordance with current practice as well as our Management team.

5. Communication

- 5.1 Consultation and/or the establishment of working groups with affected services or stakeholders may be required and will be undertaken as a result of the Asset Management Plan's adoption and the pursuit of the recommended review process, for example a working group has been set up for the recycling depot relocation. Broader issues will be communicated using digital communication methods, such as internet links, emails and our Customer First team.

6. Progress monitoring

- 6.1 Progress will be monitored by providing quarterly updates using highlight reports to the Capital Strategy Asset Management Group (CSAG). In addition, individual areas of interest or concern will be subject to regular personal updates with the Cabinet Member for Housing and Property Services.
- 6.2 The CSAG meeting also includes the monitoring of the Council's medium term capital programme.
- 6.3 The AMP also contains performance measures which will be subject to annual reporting to the CSAG. This is expected to begin in May 2016. They measure the fitness and efficiency of our estate and are expected to be benchmarked against similar public bodies via the CIPFA methodologies.

7. Review

- 7.1 The policy forming part of this decision will be reviewed after 12 months.

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Background Papers:

File Reference:

Circulation of the Report: Management Team and members of the CSAG/Capital Strategy and Management Group

Annex A - Asset Management Action Plan

ACTION	BENEFIT TO COUNCIL	HOW TO ACHIEVE THIS	RESOURCES NEEDED	LEAD OFFICER	DATES CSAG to be agreed
1. Review and amendment of Asset Management Plan Performance Management	Link to Corporate Plan 2016 – 2020	Implement management practices and assign 'SMART' targets	Estates & Property services	Estates Manager Development Services Manager	
2. Promote the improvement of the use of Council's assets Develop ways for all services to become aware of positive asset management ie. business plans Asset Management Plan needs to be 'promoted' once updated	Improved awareness of asset management; improved use of available skills & knowledge. Promoting proactive management Reducing reactive costs	Awareness training sessions. Publication of updated asset management plan	Learning & Development HR Business Partners	Estates Manager	
3. Improve benchmarking and sharing of information within nearest neighbours group	Improve quality of asset management plan. Identify where efficiencies will be achieved Identify internal rate of return, so that assets not meeting this return can be selected for disposal	Revision as per Action 1 (above)	Estates Management & Property Services Team. Estates Manager to set up a working group with other property managers from other authorities.	Estates Manager	

ACTION	BENEFIT TO COUNCIL	HOW TO ACHIEVE THIS	RESOURCES NEEDED	LEAD OFFICER	DATES CSAG to be agreed
4. Integrate capital strategy into the asset management plan	Co-ordinated support for the corporate plan through integration of asset management plan/capital strategy/ medium term financial plan	Working with Finance service	Finance Manager for Capital Development Services Manager Contracts Manager	Estates Manager	
5. Improve professional skills/training Continuous professional development	Improved quality of asset management	Appraisals; On-the-job training provision	Estates and Property Services team	Development Services Manager	
6. Identify strategic/key partners for collaborative working and develop a Community Asset Transfer Policy	Improved capacity and cost-effectiveness through partnership working	Explore shared service opportunities	Estates and Property Services team	Head of Housing & Property Services	
7. Implement CAPS Estate Module and Quality Assurance Land Terrier	Avoids duplication of records. Certainty over asset base Reduce database maintenance requirements	Cross-service working group using Prince 2 approach	Estates and Property Services team	Estates Manager	

ACTION	BENEFIT TO COUNCIL	HOW TO ACHIEVE THIS	RESOURCES NEEDED	LEAD OFFICER	DATES CSAG to be agreed
8. Improve energy efficiency and continue to reduce consumption	Cost savings Achieves Corporate Plan objective	Identify additional 'ESCO' opportunities	Estates and Property Services team	Contracts & Services Manager	
9. Review & report based on 'outcomes' of the reduction in revenue maintenance budget To include: Risks Future expenditure requirements in relation to plant and asset replacement	Awareness of risks and costs of reductions to planned preventative maintenance	Incorporate in Action 1 (above)	Estates and Property Services team	Technical Administrator	
10. Analysis of value for money Cemeteries Parks and Open Spaces Grounds Maintenance	Contributes to effective use of resources. Potential efficiency increases/cost reductions identified	Benchmarking (see Action 3 above) – results to be included in estates management business plan with SMART targets	Estates and Property Services team	Estates Manager	

ACTION	BENEFIT TO COUNCIL	HOW TO ACHIEVE THIS	RESOURCES NEEDED	LEAD OFFICER	DATES CSAG to be agreed
11. Improvement to the planning consultation process regarding 106/CIL	Improved consideration of the impact of development on existing assets and added robustness to adoption procedures for new assets	Liaise with Planning Service	Regular review meetings with Planning Officers	Development Services Manager	
12. Continue to deliver Capital projects that supports the Corporate Plan 2016 – 2020	Improved use of asset management expertise at project design stage	Involvement in CSAG	Estates & Property Services team	Head of Housing & Property Services	
13. Revise and review Asset Management Plan annually plus initiate annual review as good practice	Improved management of assets Increased internal rate of return Reduced reactive maintenance costs Improved risk management	Annual review. Continued research for opportunities.	Estates & Property Services team CSAG		