

CABINET
7TH JULY 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.

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.
- provide the right assets in the right place at the right time from which to deliver our services.
- maximise the Estate's value for money.
- 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.
- 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 treat all properties as a Council asset and how they will be managed strategically by our Estates and Property Services Team that ensure
- 1.3 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 Objectives within the Corporate Plan 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

- 2.1 Strengths/Opportunities - maintaining the existing standard 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.
 - The true cost of property is not understood, nor its importance.
 - Missed 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 To move forward with the recommendations identified in the AMP the formulation of a property review process and on-going maintenance of property information to ensure sound decision making going forward.

4. Asset Management Plan Implications

- 4.1 Property - 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 - Sound management of our assets will always require a sufficient maintenance budget in order that the life and usage of our assets is maximised. 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 the level of stakeholder engagement relating to property matters will increase as a result of this AMP. It requires input 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 will impact on Council business. Where the action affects a particular division then each relevant Member will be consulted in accordance with current practice as well as our Management team.

5. Progress monitoring

- 5.1 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 updates with the Cabinet Member for Housing and Property Services.
- 5.2 The CSAG meeting also includes the monitoring of the Council's medium term capital programme.
- 5.3 The AMP also contains performance measures which will be subject to annual reporting to the CSAG

6. Review

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

Contact for more information: Andrew Busby – Estates Manager (01884 234948)

Background Papers: Business Plan for Property Services

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 support 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. | | |