



REPORT TO: CORPORATE COMMITTEE ON 13 JUNE 2023

SUBJECT: CORPORATE ASSET MANAGEMENT PLAN

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To provide the committee with a report of progress made against the Corporate Asset Management Plan for 2022/23 and to consider targets for 2023/24.
- 1.2 This report is submitted to committee in terms of Section III (B) (28) of the Council's Scheme of Administration relating to the formulation, implementation and review of asset management policies and practices, and to the maintenance of an overview of the Council's property disposal programme.

2. RECOMMENDATION

2.1 It is recommended that the committee:

- (i) considers and notes the work done to date to meet the targets set in the Corporate Asset Management Plan for 2022/23 as set out in paragraphs 4.1 to 4.6;**
- (ii) notes the status of Asset Management Plans for each type of asset as set out in APPENDIX 2; and**
- (iii) approves the actions included in the Corporate Asset Management Plan for 2023/24 as set out in paragraph 5.1.**

3. BACKGROUND

- 3.1 The Policy and Resources Committee approved the Council's first Corporate Asset Management Plan (CAMP) on 23 September 2008 (paragraph 6 of the minute refers). The CAMP is updated annually and the updated CAMP for 2022/23 was approved by Corporate Committee on 14 June 2022 (paragraph 8 of the minute refers).
- 3.2 A schematic representation of the asset management planning process is included as **APPENDIX 1** to this report. Committee should note the iterative nature of asset management planning, taking financial affordability into account. The process involves a corporate overview to set parameters and review the overall impact of asset management plans and service level involvement to develop the detail of plans, which are scrutinised along with other service level issues at Service Committees.
- 3.3 Asset Management Planning is recognised as one of the main drivers for the Capital Plan. The lead-in time for capital projects can be up to 24 months, allowing for design work, planning permission if required and depending on the procurement route appropriate to the project. Consequently the Council prepares ten year capital plans as part of the planning process for future years. This also facilitates assurance of financial sustainability by forecasting future investment needs of the current asset base of the Council. In common with most other Scottish local authorities the Council has reviewed its capital plans for affordability during 2022/23 in the light of rising construction cost and rising interest rates. The latest 10 year plan, for 2023 to 2034, was approved as an indicative plan by Council on 1 March 2023 (paragraph x of the Minute refers).
- 3.4 A summary of progress to date on developing individual asset management plans is included as **APPENDIX 2** to this report. This highlights progress in Property Asset Management Planning over the past year, mainly in the learning estate and corporate properties, although these major areas are still areas of work in progress.

4. REPORT ON PROGRESS UNDER THE CORPORATE ASSET MANAGEMENT PLAN 2022/23

- 4.1 The CAMP for 2022/23 reflected a year of continuing consolidation, with the key aim of the CAMP being to ensure that the work needed to underpin and deliver a ten-year capital plan was identified, resourced and carried out. A target of 10% savings was achieved during an initial broad review of the plan, arising largely from slippage. A more in-depth review of the plan was then carried out with a view to developing a methodology for prioritising capital projects. Further savings of 12.7% in 2023/24 and 6% in total over the ten year period were achieved.
- 4.2 There were four key tasks identified for 2022/23:

4.3 Review the Property Asset Management Appraisal

A Property Asset Management Appraisal (PAMA) was presented to the Moray Council on 12 December 2018 (paragraph 6 of the Minute refers). The PAMA proposed a review of office accommodation, depots, storage facilities and the implementation of a revised Asset Management Structure - all of which were to be completed in 2019/20. A progress report on the PAMA was presented to the Policy and Resources Committee on 29 October 2019 (paragraph 13 of the minute refers) to Full Council on 30 June 2021 (paragraph 14 of the minute refers) and to the Corporate Committee on 30 August 2022 (paragraph 7 of the minute refers). Future opportunities have been highlighted for detailed option appraisal to ensure all our building assets contribute efficiently to service delivery and further refined as post-pandemic working practices have been reviewed. The review of Council offices is now progressing under the Smarter Working Project, following adoption of hybrid working as the norm. This project is largely focussed on the HQ Campus at present but the general principles are to be rolled out across all Council offices. The outline business case was approved by Full Council on 2 February 2023 (paragraph 10 of the Minute refers and the Full Business Case will be reported to Council on 28 June 2023. The outline business case for the rationalisation of depots and stores is being developed and will incorporate the need to decarbonise the Council's property and fleet assets in line with the Council's climate change objectives and statutory duties placed on local authorities. To this end the outline business case will reflect the need for appropriate electrical vehicle charging points across Council locations and ensure property assets retained can be decarbonised economically. The outline business case is due to be reported to Council in the autumn of this year, with an update being presented to committee before the summer recess. These two projects are significant exercises in asset management but also incorporate wider elements such as flexible working and decarbonisation. Other aspects of the PAMA beyond offices, depots and stores are more limited and are being progressed with an update to committee scheduled for the autumn.

4.4 Complete the post project review of the Early Learning & Childcare (ELC) Capital Project

An end of project report covering both revenue and capital aspects of the ELC Expansion Project was submitted to the ELC Programme Board and the Transform Learning Board. This report was a background paper for the Audit & Scrutiny Committee meeting on 10 May 2023. Capital works continue in Aberlour (part of the original project) and at various locations as additional works required by the Care Inspectorate following revised requirements. Any further developments in ELC will be brought forward through the Transform Learning Board.

4.5 Continue to develop a selection process for post project reviews and bring a draft report with recommendations to the AMWG

Work continues to be ongoing to formalise a process for selecting post project reviews, with collaboration between Officers from the Programme Management Office and Finance on identifying the best way forward. This work will continue into 2023/24 with a target completion date of October 2023...

4.6 **Continue general development of AMPs**

Continuing the development of individual asset management plans is an on-going task. Progress during 2022/23 was sporadic as the focus of Council services continued to be on response to the pandemic and then supporting recovery. A specific area to be addressed in response to the annual reporting requirement of the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 is how spending plans will contribute towards reducing emissions and so asset management plans will require to be aligned with this requirement.

5. **CORPORATE ASSET MANAGEMENT PLAN 2023/24**

5.1 The undernoted tasks are recommended for inclusion in the 2023/24 CAMP:

- Improve and automate capital monitoring information provided to budget managers to facilitate better management of the capital plan, with a target of December 2023;
- Continue work on prioritisation of the capital plan for including in the budget process, with a target completion date of September 2023;
- Update Asset Management Planning Process to incorporate the requirements of the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020;
- Progress with the development of the Learning Estate Strategy with a 2023/24 milestone of completing conditions surveys;
- Progress with the Smarter Working Project with a view to increasing occupancy in the HQ campus in the summer, taking into account the lessons learned from early adopters;
- Continue to develop the outline business case for the rationalisation of depots and stores taking into account the need to decarbonise the Council's property and fleet assets in line with the Council's climate change objectives. The aim is to report to Council in the autumn of 2023;
- Continue to develop a selection process for post project reviews, with a target of October 2023;
- Review the status of Asset Management Plans in **APPENDIX 1** in June 2023 and develop a programme of updates by October 2023. A rolling 5 year programme is envisaged as the likely outcome.

5.2 The full CAMP can be found at **APPENDIX 3**.

6. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Asset management planning assists the Council to deliver Council and community planning priorities whilst achieving Best Value.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial implications

There are no financial implications arising directly from this report. Asset management planning feeds into the Council's financial planning process and forms a key part of the strategy for reducing budget pressures and of the Council's Improvement and Modernisation Programme.

(d) Risk Implications

There are no risks to the Council arising directly from this report. Asset management planning reduces the risk to the Council of unexpected issues arising relating to the Council's assets.

(e) Staffing Implications

There are no staffing implications arising directly from this report. All recommended actions are planned to be carried out within current staffing resources.

(f) Property

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising directly from this report.

(h) Climate Change and Biodiversity Impacts

The mandatory annual reporting under the Climate Change (Duties of Public Bodies: Reporting Requirements) (Scotland) Amendment Order 2020 means that the annual compliance reports must now include details of how Moray Council will align its spending plans and use of resources to contribute to reducing emissions and delivering national and regional emissions reduction targets. This means the asset management plan should align with the ambitions of Moray Council becoming carbon neutral by 2030 as set out in the Climate Change Strategy and the Route Map to Net Zero, noting the caveats to this in the report to the Economic Development and Infrastructure Services Committee on 2 May 2023.

Plans for decarbonising Council property and fleet are being created by the relevant services. When these are created these should be costed and the implications included in Corporate Asset Management Plan. The costs associated with these actions will be substantial and external funding will be critical, however asset planning will need to highlight these projected future costs so that, as was done in the latest report on 2 May, any issues could be included in the annual climate change reports and in the annual update on the route map to net zero to help determine of the decarbonisation targets are likely to be met.

A carbon impact assessment should be included in business cases as per Green Book guidance and the high capital costs of fleet and building decarbonisation means that business case calculations for these should take into account the social cost of carbon emissions as well as financial costs to allow a more whole life approach to investment to influence funding decisions.

(i) Consultations

Members of the Corporate Management Team and of the Asset Management Working Group, the Principal Climate Change Strategy Officer, the Legal Services Manager, the Property Asset Manager and Lindsey Robinson, Committee Services Officer have been consulted in the preparation of this report.

7. CONCLUSION

- 7.1 One of the specific actions included in the CAMP for 2022/23 has been completed and one transferred to a Transform Board.**
- 7.2 Progress continues to be made with revision of the PAMA, now being carried forward as part of the Smarter Working project and the depot and stores review. Post project review selection and the development of asset management processes and plans are carried forward in the 2023/24 CAMP.**
- 7.3 The Corporate Asset Management Plan for 2023/24 sets out the actions planned for this financial year to progress asset management planning in the Council.**

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Background Papers:	
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