

CORPORATE ASSET MANAGEMENT PLAN 2021/22

1. INTRODUCTION

- 1.1 The Council's Corporate Asset Management Plan (CAMP) describes the arrangements which the Moray Council has made for asset management planning; links the asset management planning process to other key concerns of the Council; highlights progress in the preparation of asset management plans for the six main categories of asset, and includes an action plan for the coming year.
- 1.2 The CAMP also seeks to make explicit the links which exist between the asset management planning process and the financial planning process, particularly capital planning, and this is addressed throughout the CAMP.
- 1.3 The CAMP has been prepared according to the guidelines set out in the CIPFA Guide to Asset Management and Capital Planning ("the CIPFA Guide").

2. BACKGROUND

- 2.1 The Asset Management Working Group was established to develop and oversee overall asset management arrangements within Moray Council. A key task for the group is to assist in the development of proposals for capital expenditure based on asset management principles. These proposals are then fed into the council's financial planning process. They aim to establish appropriate expenditure plans for the medium term. On 17 January 2012 the Council approved a ten-year Capital Plan. At that time the ten-year plan was recognised to be unaffordable and one-year capital plans for each year up to and including 2021/22 have successively been approved, pending full revision of the ten-year plan. The ten-year plan was updated to reflect the Council's approved asset standards and current condition of the asset base prior to approval of each plan from 2016/17 to the 2021/22 plan approved on 18 February 2021. The 2021/22 plan falls in an environment of considerable uncertainty about the state of the economy, following the Covid-19 pandemic and Brexit, the impact of neither of which can yet clearly be assessed.
- 2.2 The group is also responsible for developing the corporate asset management framework and for overseeing progress on the development of individual asset management plans. Progress on the development of asset management planning is reported to the Policy and Resources Committee, which approves the CAMP on an annual basis.

2.3 The key drivers for asset management planning are listed below:

Driver

Condition	This requires to be measured for each class of asset, and each asset within that class graded. The Council should set targets for condition for each asset class.
Suitability	This assesses whether or not an asset is fit for purpose.
Sufficiency	This is about asset capacity rather than asset use and reflects demand for the asset.
Revenue Costs	The costs of operating the asset.
Accessibility	Both physical accessibility – e.g. with the duty to make reasonable adjustments under the Equalities Act 2010 – and whether specialist knowledge is required to operate the asset, potentially restricting its use.
Value	This could be the book value of the asset, the market value or replacement value.

2.4 Asset management planning is closely linked to capital planning, and has come of age in local government under the Prudential Code. Long-term affordability is therefore a major concern for asset management planning. The recognised 6 drivers listed above all impact on affordability. The CAMP places this under the umbrella of sustainability and this will be discussed from three aspects – financial sustainability, environmental sustainability and economic sustainability – in section 3.

2.5 As well as affordability, the asset management process aims to achieve efficiency in terms of use of assets, and maximisation of value in terms of asset disposal.

2.6 The CIPFA Guide identifies the six main categories of asset for asset management planning as: property, open space, roads and associated structures, housing, fleet and ICT. Asset Management Plans should be based on robust data about the number of assets in each category; their condition; suitability for use; sufficiency for use, and revenue cost of use. They should set targets for performance; relate to service plans for future delivery of service; identify investment needs; support the Local Outcome Improvement Plan, Corporate Plan or other Council policy priorities.

2.7 In order to better reflect local priorities and operational needs two of these main categories have been subdivided. Property is subdivided into the school estate, industrial estates and offices and other properties; Roads etc. is subdivided into roads and directly associated infrastructure; harbours; flood alleviation schemes.

- 2.8 Assessment of current progress on preparation of asset management plans for each asset type is summarised in section 4.
- 2.9 The Action Plan for 2021/22 forms section 5 of the CAMP.

3. SUSTAINABILITY

3.1 Financial Sustainability

- 3.1.1 For the council to be able to assess the sustainability of its asset base, it must have good quality information on the condition of its assets and use this to estimate the cost to the Council of maintaining each asset over its expected life.
- 3.1.2 The Council's Capital Strategy sets out the principles underlying the Capital Planning process and in doing so describes how Asset Management Planning and Capital Planning inter-relate. The latest version of the Capital Strategy was approved on 18 February 2021.
- 3.1.3 The Council requires to reduce expenditure to an affordable and sustainable level. An important part of this process will be to reduce the Council's asset base; to review the standards to which the council aspires its assets to reach; to agree on an affordable level of capital expenditure, and to agree a process for prioritising capital expenditure across asset types and prioritising new developments. A policy of "Make Do and Mend" was approved by the council on 25 May 2016 to guide officers involved in preparatory work for capital expenditure. At the Moray Council on 27 February 2019 it was agreed that this approach was no longer sustainable and as such preliminary work was to commence to revert to capital expenditure based on asset management principles with a view to full implementation by 2022 / 23. At Council on 9 October 2020 (minute 4 refers) the draft approach on the Learning Estate Strategy was presented. The approach confirmed that B suitability and B condition across all elements of a school should be a minimum standard. It recognised there needs to be whole life costing and maintenance plans adequately provided for in the Council's financial planning and recognition that it may take many years to achieve this across the whole school estate.
- 3.1.4 The ten year plan when first developed was based on the work required to meet the council's approved standards for all asset groups. The indicative plan presented to the Council on 3 March 2021 reflected the requirement to provide new or improved infrastructure and facilities to accommodate planned local developments, along with expenditure arising from Asset Management Plans (AMPs). Accordingly, the Capital Plan is framed by drivers for expenditure that: recognise the Local Development Plan and other Council plans (specifically for Economic Development); Asset Management Planning; Improvement and Modernisation Programme/efficiencies; expenditure arising from Legislative Requirements; Funded Government Priorities and Responsive Expenditure.

3.2 Environmental Sustainability

- 3.2.1 A Special Meeting of the Council on 27 June 2019 (Paragraph 6 of the minute refers) recognised that Climate Change was an ecological emergency. It was agreed to form a Climate Change Group made up of Officers and Members with the view to developing a Climate Change strategy and action plan within 6 months, with a core goal of carbon neutral by 2030. Due to the Covid-19 pandemic this was not approved until March 2021.
- 3.2.2 The Council has invested in energy efficiency projects and in prior years has benefited from funding from the Central Energy Efficiency Fund and a capital grant from the Scottish Government.
- 3.2.3 The Council is continuing to replace all SON and SOX street lanterns with LED lanterns and with an expectation of completion during 2020/21. However, due to COVID-19 and staffing issues this has been delayed.
- 3.2.4 The Council also funds on-going small scale energy saving projects and an allowance is included in the capital plan each year to fund such projects.
- 3.2.5 Environmental considerations will remain an important consideration in the development of individual asset management plans and in developing individual projects. Proposals for capital projects will seek to maximise environmental benefits, balanced with cost to the Council.

3.3 Economic Sustainability

- 3.3.1 Sustainable Economic Development is a priority in the Corporate Plan. The Council aims to support a sustainable economy in Moray through various policy initiatives designed to support economic development locally and in particular through the development of the Moray Economic Partnership, Moray Economic Strategy and the Moray Growth Deal.
- 3.3.2 For asset management planning, economic sustainability has three strands:
- ensuring the Council's asset management planning process supports the economic development process by joined-up planning with partners in the Moray Economic Partnership and Moray Growth Deal;
 - planning asset management which directly supports economic development (such as developing industrial estates or facilitating development at Buckie harbour), and
 - reflecting the requirements of the Local Development Plan.
- 3.3.3 Asset disposal can support financial sustainability by maximising capital or other financial receipts. Economic sustainability can also be assisted by facilitating community development and the Council's Community Asset Transfer process seeks to support local sustainable community ventures. This process continues to be part of the mainstream asset management planning function of the Council.

- 3.3.4 The Council continues to work on the Moray Growth Deal, with both the UK and Scottish Governments. The Heads of Terms were agreed in August 2020. Full sign off is still to be obtained but this has now been delayed by the Scottish Parliamentary elections taking place in May 2021. It is now anticipated that the earliest date for full sign off will not be until June 2021.

4. ASSET MANAGEMENT PLANS

4.1 Property

4.1.1 The School Estate

The Council previously approved target grades of B for both condition and suitability for the Moray School Estate. A programme of refurbishment, based on a whole-school approach, was developed to bring all primary schools up to the approved standards. This was, however, unaffordable and consequently the approval plan for 2017/18 to 2019/20 was modified under Make Do and Mend to cover major elements at risk of imminent failure. Three new schools (two secondary and a primary school) have been built through a combination of public and private funding. Two further new builds are now completed. One is Lossiemouth High secondary school which is part funded by Scottish Futures Trust (opening April 2021) and the other is a Linkwood primary school which is part funded through developer obligations and is operational. Four primary schools have been refurbished through a combination of Moray Council and Scottish Government funding. A Learning Estate Strategy for improving the school estate in Moray to meet the needs of young people and the wider community was recommended to Full Council by the Children & Young people's Committee on 4 March 2020 and approved by Council on 16 December 2020 (paragraph 5 of the minute refers). The approach aspires to achieve a standard of A for condition and suitability, and to maintain the learning estate at no lower than a B standard for condition and suitability across all elements. The approach is dependent on securing government funding through the National Investment Programme linked to Scotland's Learning Estate Strategy 2019. The Council has been successful in attracting support for a new primary school in Elgin. Funding is contingent on achieving the criteria within the Learning Estate Investment Programme, which includes; energy, digital and quality targets.

4.1.2 Offices / Other operational buildings

The Property Asset Management Appraisal was presented to P&R Committee on 12 December 2018 with an update provided on 29 October 2019. This strategic document details current corporate building usage and associated operational costs. Future opportunities have been highlighted for detailed option appraisal to ensure all our building assets contribute efficiently to Service delivery. The report on depots has been concluded, but the business case required review and has to be presented to the Asset Management Working Group for discussion before the Committee report is finalised for Members approval. The Corporate Offices assessment was being finalised when the

pandemic struck and is being reviewed in light of on-going social distancing and other restrictions relating to COVID-19 and the critical capability for extensive homeworking in some Service areas.

4.1.3 Industrial Estates

The annual industrial portfolio report on industrial estates is the vehicle for asset management planning for the Council's industrial portfolio. The latest report was to Economic Growth, Housing and Environmental Sustainability Committee on 6 October 2020.

4.2 Open Space

4.2.1 The capital budget for replacement play area equipment agreed for 2021/22 will allow for the replacement of four play areas. These will be carried out through a Participatory Budgeting exercise. In addition to this, other play areas will get some small-scale equipment and replacement of safety surfacing as required.

4.2.2 A number of projects were carried out in 2019/20 funded from the Town Centre Capital Fund including a clean out and upgrade of Forres duck pond area, new handrail at Lhanbryde war memorial, 2 new play areas at Mosstodloch playing field and Ian Johnston park in Buckie and new low maintenance seating at Lossiemouth esplanade.

4.2.3 A programme of infrastructure repairs for parks, cemeteries and war memorials will be developed during 2021/22 and will include road and footpath repairs, plus where required refurbishments to: walls, gates and fences. Further discussion will take place with the Council's consultancy team to develop plans for a new cemetery in Elgin and the Moray Core Path Review will be presented to Committee for approval before the end of 2021/22.

4.2.4 Development of a full Asset Management Plan is not currently a priority of the service but progress continues to be made in various areas as outlined above.

4.3 Roads and other infrastructure

4.3.1 Roads and Associated Infrastructure

The first Roads Asset Management Plan (RAMP) was completed in April 2012, following a nationally developed model. The RAMP addressed the specific lifecycle requirements of 5 different asset groups: carriageways, footways (including footpaths and cycle tracks), structures (road bridges, foot bridges and retaining walls), street lighting and street furniture. This was then modified in the preparation of the financial plan for 2014 / 15 in which a target of reducing the standard of Moray's roads to the Scottish average over the next ten years was set in order to achieve savings, and this target has since been clarified as being a desired mid-table ranking. The latest RAMP presented to the Economic Growth, Housing and Environmental Sustainability Committee on 18 February 2021 noted the Capital Plan 2020/21 approved a phased annual increase in capital budget of £500,000 to address the issue of our deteriorating road

conditions. It was suggested that Officers continue to monitor the Road Condition Indicator (RCI) for 2021 and 2022 and subject to the outcome of these undertake a more detailed analysis that would provide a more up to date long-term prediction on road condition for the years 2023/24 onwards. In the meantime, work would continue to the current standard, which is mid-table in terms of the highlight RCI score but with increased investment in 21/22.

4.3.2 The Council participates in a SCOTS project to continue development of Roads Asset Management Planning. The project is now in Phase 3, with Atkins as the Support Consultant. Moray Council's current Road Asset Safety Inspection strategy and operations manual documents were approved by the Council's Economic Development and Infrastructure Committee on 10 September 2019 (paragraph 6 of the minute refers). This system of risk-based inspections, which is in line with both the Well-managed Highway Infrastructure Code of Practice and SCOTS (Society of Chief Officers in Transportation in Scotland) guidance was due to be implemented on 1st April 2020 but was postponed due to the Covid-19 pandemic and staffing issues. It is planned to do refresher training in Q1 of 2021/22 and complete the necessary IT software changes with an aim to implement a risk-based inspection during Q2 of 2021/22

4.3.3 The roads modelling exercise was last refreshed in 2020, with the latest road condition results reported to Economic Growth, Housing and Environmental Sustainability Committee on 18 February 2021. At the time of writing, the report providing the ranking of where Moray sits when compared with the other 32 Scottish Authorities had not been released. Road condition survey results will continue to be monitored and further options presented to Committee as and when necessary.

4.4 Harbours

4.4.1 Condition surveys of the harbours have been used to develop a planned programme of work which forms the Asset Management Plan for the harbours.

4.4.2 The planned works to repair Buckie harbour, which originally commenced in August 2018 but due to a number of weather and other issues were suspended in December 2018, were finally completed in April 2020 and within budget.

4.4.3 Resulting from the Covid-19 pandemic a number of works to various harbours have had to be suspended. This included Findochty Harbour and this is rescheduled for completion during 2021/22.

4.4.4 Maintenance work to Portknockie originally scheduled to be investigated and the repairs designed and constructed in 2019/20 were delayed due to bad weather and have since been suspended due to COVID 19 working restrictions. Works had been programmed to re-start in August 2020 but due to the ongoing Covid-19 pandemic this was delayed and will require to be further rescheduled.

4.5 Flood Alleviation Schemes

- 4.5.1 Maintenance of the Council's seven flood protection schemes will be undertaken but there may be some delays in minor maintenance works due to COVID 19 working restrictions. Inspection of these schemes is considered critical and any work identified during these inspections will be prioritised based on risk
- 4.5.2 Under the Flood Risk Management (Scotland) Act 2009, we must prepare and publish Flood Risk Management Plans for our local area and these plans are agreed by members. This is done in partnership with SEPA and neighbouring authorities. The plans set out at a fairly high level actions we must undertake to address flood risk over a six year cycle. As part of the plan, we also prepare an annual schedule of Clearance and Repair, which is published, subject to agreement by members
- 4.5.3 Due to Covid-19, other assets such as small watercourses, culverts and coastal protection systems as identified on the flood team's schedule of clearance and repair will be prioritised based on risk.
- 4.5.4 These 3 strands constitute the Asset Management Plan for Flood Alleviation

4.6 Housing

- 4.6.1 The asset management process is currently being reviewed within the Housing Service following the impact on investment of COVID 19 and the completion of a major stock condition survey. The lock down periods have had a major impact on investment programmes to install Heating systems and the upgrade of smoke alarm systems to comply with fire safety regulations. Early analysis of the stock condition survey results indicates that additional investment is required to meet the Scottish Housing Quality Standard (SHQS) and the current Energy Efficiency Standard for Social Housing (ESSH1). The current ESSH standard has been replaced with a second more ambitious carbon reduction target to be achieved by 2032, which will require a further increase in investment. To respond to these challenges the results from the stock condition survey are to be profiled within a review of the Housing Revenue Account (HRA) Business Plan to be carried out during 2021/22. A 30 year investment plan will be produced and managed through the development of a central electronic Asset Management System.
- 4.6.2 A review of the Housing Business Plan was carried out in 2019 to assess the capacity of the Housing Revenue Account to deliver the housing service's ongoing investment priorities, including: ESSH compliance; maintaining its housing stock to a good standard; continuing with its new build programme and meeting the home improvement preferences identified by tenants in the 2018 Tenant's Survey. The restrictions on construction imposed as a response to the pandemic resulted in delays in the completion of new housing stock planned for 2020/21 and the Housing Business Plan will be updated during 2021/22 to ensure continued affordability of the programme of new build affordable housing and upgrades to the existing housing stock.

4.6.3 The Council's Strategic Housing Investment Plan 2020/25 sets out proposals for the delivery of new Council housing over the planned period. The programme will be funded from resources provided by the Scottish Government as part of the Moray Affordable Housing Programme. The 2019 Housing Business Plan has made provision for 50 new houses to be delivered per annum. The new council housing will help address the ongoing acute shortage of affordable homes in Moray and will provide accommodation for a broad range of needs, including households with older people and disabled members. It will also contribute to the aims of the Council's Rapid Re-Housing Transition Plan by providing permanent accommodation for homeless households. The new council housing is being built to high levels of sustainable design and energy efficiency, achieving the "silver" level of Building Standards.

4.7 Fleet

4.7.1 A first draft Fleet Asset Management Plan was developed and used in the drafting of the Capital Plan 2021/2022. That draft identified further actions required to strengthen the Fleet Asset Management Planning process, which is driven by departmental needs, and Fleet service user departments were consulted on a revised AMP. The current policy for replacing vehicles is to plan to replace them at the age assessed as being, on average, the optimum replacement age for that type of vehicle, balancing the cost of repairs and downtime with the cost of replacement. In previous years the allowance in the capital plan is based on that desktop calculation and actual replacement was made by reviewing the performance of each individual vehicle and projected service need. From 2020 through 2030 the Fleet's 10 year rolling vehicle and plant replacement plan has to accommodate the Council's target to be carbon neutral by 2030. A report was submitted by the Fleet Manager to the Asset Management Working Group in January 2020 highlighting the investment required to progress the 10-year programme towards the target. Further detailed work will be undertaken under the aegis of the Council's Climate Change Strategy.

4.8 ICT

4.8.1 The use of ICT underpins all of the council's activities, to a greater or lesser extent. It is recognised that robust asset management planning for this area is of great importance. The response to the pandemic has changed the shape of the Council's ICT asset base to enable extensive roll out of flexible working options and the impact of this on future requirements is being assessed.

4.8.2 The current policy for replacing ICT assets varies, depending whether the equipment is related to the schools' network, or the corporate network but is essentially based on the optimal age for the type of asset in the particular setting. Actual replacement, however, does need to take into account other factors such as performance of the asset but also external factors such as third party support, compatibility with other products, general trends in technology, and security requirements / accreditation.

- 4.8.3 A programme to replace Local Area Network equipment was established in 2019/20 and the first phase of this was completed successfully. A project was also initiated to replace outdated telephone systems and associated hardware and software including the Contact Centre System. There was good progress on this project but further work was deferred because of the Covid-19 outbreak.
- 4.8.4 As far as the corporate network is concerned; allocations for 2020/21 were based on detailed asset information that was available during the capital planning process at the start of 2020. Since then the rationale for some of the ICT replacement programmes has changed significantly. In particular, there will be a shift towards a much higher percentage of laptops to support an increased requirement for remote working following the Covid-19 outbreak. The policy for replacement of assets on the corporate network is currently seven years. It is likely that there will be a requirement to replace laptops on a more frequent basis and this will have an impact on the desktop and mobile devices allocation in future years of the plan.
- 4.8.5 This change will also have an impact on the Server Infrastructure allocation, as the requirement for virtual desktop technology will reduce significantly. It is not possible at this stage to predict how much this will offset the increase in the desktop and mobile devices allocation as some of the existing virtualisation technology will be required until new systems and processes are implemented to manage the increased provision of laptops.
- 4.8.6 There is provision in the current plan to replace PC's, laptops and interactive teaching panels in the schools. However, the future ICT provision in schools is also under review given the current unprecedented circumstances currently faced. It is too early to predict what impacts this will have on current and future allocations but there may be significant changes to existing replacement programmes. Further updates will be made as and when available.

5. ACTIONS PLANNED FOR 2021/22

5.1 The key tasks are noted below:

- Continue to plan and implement the findings of the Property Asset Management Appraisal 2018;
- Review asset standards as approved by Council on 18 February 2021
- Review the remit and membership of the Asset Management Working Group, carried forward from 2019/20;
- Refresh current Capital Strategy for presentation to Council as part of the financial planning process for 2022 onwards;
- Continue to develop a selection process for post project reviews and bring a draft report with recommendations to the AMWG; and

5.2 In addition to these tasks, the Asset Management Working Group will keep the status of AMPs under review with a view to identifying further actions to improve the asset management planning process.

- 5.3 To assist in monitoring these tasks, the Asset Management Working Group will develop milestones and these will become a feature of future Corporate Asset Management Plans reported to Committee.

SPMAN-1293228629-509