

**CORPORATE ASSET MANAGEMENT PLAN 2019/20**

**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 2013/14, 2014/15, 2015/16, 2016/17, 2017/18, 2018/19 and 2019/20 have successively been approved, pending 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 the 2016/17 plan on 30 March 2016, approval of the 2017/18 plan on 15 February 2017, approval of the 2018/19 plan on 14 February 2018, and further reviewed prior to approval of the 2019/20 plan on 27 February 2019
- 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 Single Outcome Agreement 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 2019/20 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 Good progress has been made in obtaining and analysing condition data on the Council's assets. In order to use this information as a predictive tool, the Council has set target standards for every class of its assets – the higher the standard, the more costly the asset will be to maintain to that standard.
- 3.1.3 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 12 December 2018. The Strategy identifies the need for the Council to ascertain the optimal asset base from which to deliver services at an affordable level.
- 3.1.4 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.
- 3.1.5 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 27 February 2019 reflected the requirement in the Capital Strategy approved by Council on 12 December 2018 to provide new or improved infrastructure and facilities to accommodate planned local developments under the Local Development Plan. Accordingly the Council is now explicitly recognising that sustainability must be achieved within the wider context of the Council's policy planning framework and other agreed Council priorities. For asset management this means raising the horizon to look beyond our current asset base to what we need in future to implement Council policies and priorities.

## **3.2 Environmental Sustainability**

- 3.2.1 The Council's has an aspirational target of reducing CO<sup>2</sup> from building usage by 20% by 2023.
- 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 this is expected to be complete during 2019/20; a significant energy saving project.
- 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.
- 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;
  - 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 has recently been incorporated more closely with the mainstream asset management planning function of the Council.

3.3.4 The Council continues to work on the Moray Growth Bid, with the UK Government announcing on the 28 September 2018 a key milestone had been reached in securing a deal for Moray and formally invited partners of the Moray Growth Deal to submit their priorities for boosting economic growth and productivity in the region. There is confidence that the Heads of Terms – the agreement in principle on the deal – will be in place by the end of the calendar year.

## **4. ASSET MANAGEMENT PLANS**

### **4.1 Property**

#### **4.1.1 The School Estate**

The Council approved target grades of B for both condition and suitability for the Moray School Estate. Improvements designed to achieve these targets were originally included in the nine years of the draft capital plan which cover 2018 – 2027, with a programme of refurbishment, based on a whole-school approach, developed to bring all primary schools up to the approved standards. This, however, was judged to be unaffordable and consequently the approved plans for 2017/18 to 2019/20 were modified under Make Do and Mend to cover major elements at risk of imminent failure. This temporary expedient has been recognised as unsustainable however the lead-in time to revert to asset management based capital works is such that a target of attaining this by 2022/23 was approved by Council on 27 February 2019. This anticipates the completion of a review of the school estate. The Sustainable Education Review which was reported to Council on 3 November 2014 included consideration of rationalisation of the school estate. Council decided not to progress this. Three new schools (two secondary schools and a primary school) have been built through a combination of public and private funding. Two further new builds are under construction. One is a secondary school which is part funded through Scottish Futures Trust and the other is a primary school which is part funded through developer obligations. Four primary schools have been refurbished through a combination of Moray Council and Scottish Government funding. The future of the school estate is now being reviewed as part of the Council's Improvement and Modernisation Programme.

#### **4.1.2 Offices / Other operational buildings**

The Property Asset Management Group leads development of asset management in this area. An appraisal of the Council's property assets was presented to Moray Council Committee on 12 December 2018 (paragraph 5 of the minutes refers) and it was agreed that a further review of office, depot and storage provisions would be progressed in 2019 / 20 to make best use of these assets and where possible rationalise the estate.

### 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 Development & Infrastructure Services Committee on 14 August 2018 (paragraph 11 of the minute refers).

## 4.2 Open Space

4.2.1 A number of play areas have been assessed and a priority list of repairs prepared for implementation in 2019 / 20. An independent engineer assessed all play equipment during 2018; a condition survey was completed on war memorials in 2018; a procedure for checking cemetery headstone stability has been trialled and adjustments made.

4.2.2 The Future Cemetery Provision Strategy submitted to the Economic Development & Infrastructure Committee 4 December 2018 (para 6 of the minute refers) proposing that a hierarchy of cemeteries with new lair provision would be available within the local housing market areas, with main cemeteries in Elgin, Forres, Buckie Lossiemouth and Keith supported by additional smaller cemeteries in Cullen, Aberlour, Dufftown, Tomintoul, Rothes and Lhanbryde. The strategy also recognised that 3 cemeteries required extensions in the next ten years, these being Broomhill, Keith and Lossiemouth. A new cemetery in Elgin would also be required

4.2.3 The 2019 / 20 budget has identified a number of cuts to the parks, cemeteries and open spaces service, such as: a reduction / cessation in the frequency of grass cutting across Moray. This is expected to have a negative impact on the environment and visitor experience which may lead to an increase in complaints.

## 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, and this target has since been clarified as being a desired mid-table ranking.

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. Work is currently ongoing to develop and implement a risk-based safety inspection system to comply with the latest Code of Practice.

4.3.3 The roads modelling exercise was last refreshed in 2017, with the latest road condition results were reported to Economic Development & Infrastructure Committee 19 February 2019. A-Class roads have already deteriorated beyond the targeted mid-table ranking, while other classifications are showing either a slower deterioration or no deterioration. Road condition survey results will continue to be monitored and further options presented to Committee as and when necessary.

#### 4.3.4 Harbours

4.3.5 Planned works to repair Buckie harbour commenced in August 2018, a number of storms caused delay and damage to temporary works and in a bid to avoid further delays and reduce potential increase in costs, the decision was taken to suspend works. The site was made safe and work stopped in December 2018 at which point repairs were 80% complete. Work is programmed to re-commence in April 2019

4.3.6 In October 2018 a number of harbours sustained storm damage. Conditions in a marine environment are aggressive and damage to structures can increase in severity very quickly, increasing the scope of work and associated cost required to repair them. To reduce the risk of escalating repair costs the decision was taken to repair this damage as early as possible and the funding required to pay for this work was taken from the existing allocation for harbours in the capital plan. The cost of the work was £45,000 for all four harbours that suffered damage. Due to temporary staff shortages, the Consultancy Section had to re-prioritise its workload resulting in the proposed works to Burghead harbour being postponed until 2019/20

4.3.7 The remaining repair work at Buckie Harbour will be completed in April / May 2019 and the repairs to the piled supports for the jetty at Burghead harbour – postponed from 2018 / 19 – will be undertaken in 2019 / 20. Damage to the harbour walls at Portknockie will be investigated and the required repairs will be designed and constructed in 2019 / 20.

#### 4.3.8 Flood Alleviation Schemes

4.3.9 The Council's seven flood protection schemes have been maintained in line with operation and maintenance manuals. The flood team has looked for efficiencies in the required maintenance and as these schemes are fairly new the process for identifying efficiencies is likely to be ongoing for a number of years

- 4.3.10 Potential efficiencies in the maintenance regime for the Pilmuir Pump Station, which forms part of the Forres River Findhorn Scheme, have been identified and will be progressed during 2019/20.
- 4.3.11 Other assets, such as small watercourses, culverts and coastal protection systems have been maintained in line with the flood team's schedule of clearance and repair. The flood team's asset management data base is currently being updated and will form a significant part of the Asset Management Plan, the final draft of which is due to be completed during 2019/20

#### **4.4 Housing**

- 4.4.1 The asset management process is well developed in Housing. The Housing Standard Delivery Plan met the target of achieving the Scottish Housing Quality Standard (SHQS) as far as practicable by April 2015 and this standard has been maintained for the Council going forward. The Moray standard is slightly higher than SHQS and it is anticipated the compliance target will be achieved during 2019 / 20. A further national standard, the Energy Efficiency Standard for Social Housing (ESSH), has a target compliance date of December 2020. During 2019 / 20, the Housing Service will deliver energy efficiency improvements to its housing stock as part of an extensive ongoing programme of ESSH compliance works. The Moray standard will be reviewed during 2019 / 20 in light of current ESSH requirements as well as the future ESSH2 (from 2020), which is likely to focus more on carbon saving than energy / fuel saving. A review of the Housing Business Plan will be undertaken during 2019 and will take account of the Housing Service's investment priorities and financial commitments in complying with ESSH and improving its housing stock in line with preferences identified by tenants in the 2018 Tenants' Survey.
- 4.4.2 The Council's Strategic Housing Investment Plan 2019/23 sets out proposals for the delivery of new Council housing over the next three years. The programme will be funded from resources provided by the Scottish Government as part of the Moray Affordable Housing Programme. The current Housing Business Plan has made provision for 70 new houses to be delivered per annum. The 2019 review of the business plan will assess the capacity of the new build programme beyond 2019 / 20. 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.

## **4.5 Fleet**

- 4.5.1 A first draft Fleet Asset Management Plan was developed and used in the drafting of the Capital Plan 2012/2022. 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. The allowance in the capital plan is based on that desktop calculation. Actual replacement is made by reviewing the performance of each individual vehicle and projected service need.

## **4.6 ICT**

- 4.6.1 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. Detailed information was used in the development of the ten-year capital plan but a formal asset management plan has not yet been developed. However, the asset information for network infrastructure, including corporate telephony, was reviewed and updated during 2018 / 19 and this informed the allocations for 2019 / 20
- 4.6.2 The current policy for replacing ICT assets varies depending whether the equipment is related to the schools' network or the corporate network but 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.
- 4.6.3 ICT has recently implemented a new Servicedesk solution which incorporates asset information. The system is at an early stage but it will provide improved information on asset performance and reliability as the calls' database builds up
- 4.6.4 As far as the corporate network is concerned, the current allocations in the ten-year capital plan for Desktop and Mobile devices are based on the replacement of equipment that was deployed based on the principles established by the Designing Better Services transformation programme. For the schools' network, replacement is based on the agreed ratio of devices to pupils. It should be noted that the rationale for replacement may change as a result of the Improvement and Modernisation Programme, and the new ICT Strategy for Schools. This will have an impact on the current allocations and will be reported at a later date when the full impact is known.

## **5. ACTIONS PLANNED FOR 2019/20**

5.1 The principal action for 2019/20 is to subsume the process of prioritising capital projects within the development of a target to reduce the council's asset base, as part of the corporate planning process.

5.2 The other key tasks are noted below:

- To review the remit and membership of the Asset management Working Group;
- Flood Alleviation Asset Management Plan to be completed and reviewed by group prior to submission to members;
- Plan and commence implementation of the findings of the Property Asset Management Appraisal Report
- Develop a new PI as identified by the Capital Strategy
- Develop a selection process for post project reviews and continue to critically receive post project reviews and disseminate any lessons learnt.

5.3 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.