



REPORT TO: POLICY AND RESOURCES COMMITTEE ON 9 APRIL 2019

SUBJECT: CORPORATE ASSET MANAGEMENT PLAN

BY: CORPORATE DIRECTOR (CORPORATE SERVICES)

1. REASON FOR REPORT

- 1.1 To provide the committee with a report of progress made against the Corporate Asset Management Plan for 2018/19 and to consider targets for 2019/20.
- 1.2 This report is submitted to committee in terms of Section III (B) (29) 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 2018/19;**
- (ii) notes the status of Asset Management Plans for each type of asset as set out in APPENDIX 2;**
- (iii) notes that the focus of asset management planning in the council has become sustainable financial planning with a focus on cost reduction; and**
- (iv) approves the targets set in the Corporate Asset Management Plan for 2019/20 as detailed in APPENDIX 3.**

3. BACKGROUND

- 3.1 The Policy and Resources committee approved the council's first Corporate Asset Management Plan on 23 September 2008 (paragraph 6 of the minute refers) and has approved annual updates since then. The updated plan for 2018/19 was approved by this committee on 21 March 2018 (paragraph 5 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 next stage in the development of asset management across the council is a reiteration to address financial sustainability. An important step in this process was the approval of the Property Asset Management Appraisal by Council on 12 December 2018 (paragraph 5 of the Minute refers). For the past three years financial affordability has been addressed by the Make Do and Mend policy which was recognised as a temporary expedient and not financially sustainable; at its meeting on 27 February 2019 Moray Council (paragraph 4 of the minute refers) agreed to commence preliminary work to revert to capital expenditure based on asset management principles with a view to full implementation by 2022/23.
- 3.3 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.
- 3.4 The council's Capital Strategy proposed developing a local performance indicator for affordability of capital expenditure – percentage of the Council's net General Services revenue budget committed to loans financing charges. The Strategy also identified the need to develop a robust method of prioritising expenditure for inclusion in the capital programme.

4. REPORT ON PROGRESS UNDER THE CORPORATE ASSET MANAGEMENT PLAN 2018/19

- 4.1 The Corporate Asset Management Plan (CAMP) for 2018/19 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.
- 4.2 The key tasks identified for 2018/19 were:
- The development of a target to reduce the council's asset base, as part of the corporate planning process, including the development of a process to prioritise capital projects;
 - To review the remit and membership of the Asset Management Working Group;
 - To contribute to the school ASG review process;
 - To report to members the Property Asset Management Strategy;
 - To receive the post-project reviews agreed upon and to promote the completion of more end of project reports;
 - Harbours Asset Management Plan completion; and
 - Continue general development of AMPs.

- 4.3 The ten year capital plan was updated based on an extension of the indicative ten year plan for 2018/28 with a review of the profile of work contained within the plan. An initial assessment of the impact of movement away from Make Do and Mend was reflected in the timing of capital works on schools. The updated plan was used as year's two to ten of the indicative ten year capital plan reported to council on 27 February 2019. Work is ongoing with members to review the sustainability of the council's asset base and the development of a target to reduce the council's asset base will be considered as part of the corporate planning process.
- 4.4 The review of the remit and membership of the Asset Management Working Group was not concluded during the year and work will continue into 2019/20.
- 4.5 As referred to in paragraph 3.2, a Property Asset Management Appraisal was presented at the Moray Council on 12 December 2018 (paragraph 5 of the minutes refers). This provided the Council with background information relating to the Council's property portfolio; its condition and the costs required to bring all current properties up to a B condition standard. This fulfilled the 2018/19 target to report to members. The Appraisal proposed a review of office accommodation, depots, storage facilities and the implementation of a revised Asset Management Structure - all of which to be completed in 2019/20.
- 4.6 Members of the Asset Management Working group were part of the group formed to review the schools ASG process and schools future planning process. This will be taken forward under the Improvement and Modernisation Programme Transforming Education theme.
- 4.7 Four projects were identified in the 2018/19 CAMP for post project reviews:
- (i) Forres swimming pool refurbishment was presented to the Asset Management Working Group, on 27 September 2018, for consideration and comment. The review concluded that the business case objectives had been largely satisfied in the outcomes achieved, with the project completed on time and within the allocated budget. Improvements were made to gas consumption and reductions in noise levels from the pool plant were also achieved. The building is now categorised as high B for condition (up from Low B) and remains A for suitability.
 - (ii) Urquhart Place: reviewed by the Asset Management Working Group in March 2018 and since then there has been further expenditure. The AMWG await a follow up report.
 - (iii) Dallas Flood prevention Scheme: this scheme is now complete and the post project review will be drafted and presented to the AMWG later this year
 - (iv) HR / Payroll System Implementation: there has been a delay in implementation and has been reported to the Transforming the Council Board.

- 4.8 The formal Harbours' Asset Management Plan remains outstanding, however, the service continues to make use of the WDM system for recording asset condition and to aid decision making on repairs and renewals. The current harbours capital programme is based on condition surveys undertaken in 2015. The asset management database in WDM is updated to reflect the improvements made through capital maintenance works. The capital programme is reviewed annually.
- 4.9 Continuing the development of individual asset management plans is an on-going task.

5. CORPORATE ASSET MANAGEMENT PLAN 2019/20

- 5.1 The undernoted tasks have been included in the 2019/20 CAMP:
- Plan and commence implementation of the findings of the Property Asset Management Appraisal report;
 - Develop a new PI as identified by the Capital Strategy;
 - Incorporate 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;
 - Review the remit and membership of the Asset Management Working Group, carried forward from 2018/19;
 - Flood Alleviation Asset Management Plan to be completed and reviewed by group prior to submission to Members;
 - Develop a selection process for post project reviews and continue to critically receive post project reviews and disseminate any lessons learnt; and
 - Continue general development of AMPs.
- 5.2 The full plan is included as **APPENDIX 3** to this report.

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 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) Consultations

Members of the Corporate Management Team and of the Asset Management Working Group, the Head of Legal and Democratic Services, the Democratic Services Manager and the Equal Opportunities Officer have been consulted in the preparation of this report.

7. CONCLUSION

7.1 Progress continues to be made with the development of asset management processes and plans.

7.2 The Corporate Asset Management Plan for 2019/20 sets out the actions planned for the next financial year to progress asset management planning in the council.

Author of Report: Paul Connor, Principal Accountant

Background Papers:

Ref: PC/LJC/