

**CORPORATE ASSET MANAGEMENT PLAN 2022/23**

**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 (AMWG) 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 2022/23 have successively been approved, pending full revision of the ten-year plan. Indicative ten years plans are prepared and reported to facilitate longer term planning. 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 2022/23 plan approved on 23 February 2022. The 2022/23 plan falls in an environment of considerable uncertainty about the state of the economy, following the Covid-19 pandemic, the uncertainties of Brexit and the current war in the Ukraine. The impact of inflation and issues within the wider supply chain have already been seen and it is difficult to assess as to how long this may continue.
- 2.2 The AMWG 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 Corporate 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 2022/23 forms section 5 of the CAMP.

### **3. SUSTAINABILITY**

#### **Financial Sustainability**

3.1 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.

3.2 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 by Council on 19 January 2022 (paragraph 16 of the Minute refers).

3.3 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 (paragraph 4 of the Minute 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. Since then Scottish Government have stipulated minimum standards for schools funded through the Learning Estate Improvement Programme (LEIP). There are four key elements to LEIP. Firstly condition, where a new learning environment is built to a high quality (Condition A) and well maintained (not less than Condition B) over the long-term (25 years). Secondly, new build should be energy efficient and over the long-term contribute to net zero commitments. Thirdly, it should enable digital learning and advancements in technology. Finally, the investment creates new jobs and enables inclusive economic growth. 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.

- 3.4 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 plan presented to the Council on 23 February 2022 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.

### **Environmental Sustainability**

- 3.5 A Special Meeting of the Council on 27 June 2019 (paragraph 6 of the Minute refers) recognised that Climate Change was an ecological emergency and 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 the Strategy and Action Plan was not approved until 10 March 2021 (paragraph 13 of the Minute refers).
- 3.6 At a meeting of the Council on 6 April 2022 a Route Map to Net Zero (RMNZ) Carbon Emissions was approved. This set out the current pathway to net-zero for the Council by 2030 by explaining actions to target the Council's major emissions sources; buildings (electricity and heat), fleet, waste and operating emissions. The additional work to reduce emissions contained in the RMNZ will require substantial funding over the next ten years and will need to be progressed through the Council's financial planning process.
- 3.7 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.
- 3.8 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 was delayed. Further issues in sourcing specialist LED units has resulted in the project not being completed. There remains 265 units requiring installation in 2022/23 to finalise the project.
- 3.9 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.
- 3.10 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. With respect to the Learning Estate and LEIP funding, this has set an energy efficiency target of 67/kWh per square metre per annum for core facilities use.

- 3.11 Each key service area has a responsibility of supporting the Council's budget strategy through reducing the cost and impact of the use of resources, including water, energy and transport fuel. This has associated carbon reductions that will contribute to the goal of the Council being carbon neutral by 2030.

### **Economic Sustainability**

- 3.12 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.
- 3.13 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.
- 3.14 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.
- 3.15 After a number of delays the Moray Growth Deal was formally signed by the Council and the both the UK and Scottish Governments on 20 December 2021. The outline business cases (OBC) for the various projects were presented to Government and agreed. The financial spend and funding profile have been incorporated into the Council's ten year Capital Plan and the Project Boards are working their OBC's into Full Business Cases for agreement and sign off. Changes to the spend and funding profile will be fed by the Programme Board into future revisions of the Council's ten year capital plan.

## **4. ASSET MANAGEMENT PLANS**

### **4.1 Property**

#### **4.1.1 The Learning (previously School) Estate**

The Council previously approved target grades of B for both condition and suitability for the Moray School Estate. There is a commitment to provide capital over the next 10 years to support this refurbishment plan and an estate-wide condition survey project is underway to determine scale and scope of

upgrade refurbishment works. The B-B upgrade programme that the Council has committed to will be accompanied by the implementation of a robust asset management plan and Planned Preventive Maintenance (PPM) regime. The benefits of this approach should reduce the lifetime operational costs of buildings and equipment. This will include the requirement for a component renewal capital allocation within any future learning estate asset management plan. The assumption is that a future PPM budget will replace the current repairs and maintenance budget and that some of the BB upgrade budget may be recommended for additional upfront project costs to develop a comprehensive and detailed asset register and PPM plan. Until the service has completed the full condition surveys, it will not be in a position to develop the full Asset Management Plan – within which PPM and Component Renewal planning resides. This will be a phased process based around an ASG prioritised approach with Forres ASG, Buckie ASG and Elgin ASG being the initial focus due to future capacity issues and related capital spend. A learning estate team was established in May 2021 to deliver the 2020 Moray Learning Estate Strategy. In addition to managing the B condition / B suitability refurbishment and new build projects, the team are focused on developing options for estate rationalisation, engaging with the local community and other stakeholders to deliver a long term sustainable and affordable learning estate.

#### 4.1.2 Offices / Other operational buildings

The Property Asset Management Appraisal was presented to Policy and Resources Committee on 12 December 2018 with updates 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 depots review completion has been extended to allow collection of information on electrical charging points for vehicles and the stores review to be conducted. A business case for the preferred option will be prepared when the review is complete. The Corporate Offices assessment was being finalised when the pandemic struck and is now being reviewed in light of current expectations that hybrid working will become the norm and to identify specific service requirements given new ways of working. A progress report was presented to Full Council on 30 June 2021 (paragraph 15 of the Minute refers) with a recommendation for a three stage approach to implementation. This will be related to short term (phased return to the office); medium term (maximise the use of buildings within Elgin) and long term (linked to corporate priorities with property requirements aligned to the strategic view of the future). The pandemic required service delivery to be fundamentally reviewed and a major benefit will be the opportunity to rationalise the Council's office portfolio to reduce annual revenue costs for holding underutilised properties and ensure the Council's offices provide flexible working space for both staff and customers.

#### 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 the Economic Development and Infrastructure Committee on 19 October 2021. The Industrial Estate portfolio plays an important part in the Council's Economic Recovery Plan, which was approved by Economic Growth, Housing and Environmental Sustainability Committee on 6 October 2020 (paragraph 9 of the Minute refers).

## **4.2 Open Space**

- 4.2.1 The Council does not have an approved all-encompassing Open Space strategy and asset management plan, however specific types of open space – in particular cemeteries – have strategies approved by committee. The Cemetery Strategy was approved by the Economic Development and Infrastructure Services Committee on 4 December 2018 (paragraph 6 of the Minute refers)

The Council has a rolling programme of replacement of play area equipment. Play area upgrades are prioritised and selected from condition scores received annually from an independent play inspection report. The Council's Open Space and Community Support teams are working closely with communities using Participatory Budgeting engagement exercise to deliver upgrades.

- 4.2.2 A programme of infrastructure repairs for parks and cemeteries has been identified for delivery in 2022/23 and is based upon findings and reports from our operational teams. A more detailed approach to condition scoring these assets will be developed during 2022/23 and will include road, steps and footpath repairs; and where required refurbishments to walls, gates and fences. Work is also ongoing with support from the Council's Consultancy and Estates teams to develop plans for a new cemetery in Elgin.
- 4.2.3 Given the annual value of the capital programme, the development of a full Asset Management Plan is not currently a priority of the service due to other competing demands on the team's resources but investment continues to be made and prioritised 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 was presented to the Economic Growth, Housing and Environmental Sustainability Committee on 18 February 2021 (paragraph 12 of the Minute refers). It was approved 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.

- 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 1<sup>st</sup> April 2020 but was postponed due to the Covid-19 pandemic and staffing issues. Following the delay in roll out as a result of Covid, the appropriate training and IT software changes have now been undertaken and the move to implementing our risk based approach has been implemented on the 1<sup>st</sup> April 2022.

#### **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, included for approval as **APPENDIX 5**. A review has now been completed and a four year plan been drafted to cover all urgent repairs based on risk of failure and consequences of that failure. That plan will be reviewed annually. The nature of the asset is such that emergency and unplanned works can be required, particularly following severe weather events, and an agile approach to asset management planning is required.

#### **4.5 Flood Alleviation Schemes**

- 4.5.1 Maintenance of the Council's seven flood protection schemes is undertaken as and when required. 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 members agree these plans. 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 Small watercourses, culverts and coastal protection systems as identified on the flood team's schedule of clearance and repair are prioritised based on risk.



## **4.6 Housing**

- 4.6.1 Following a review of the Housing and Property Services structure, the Housing Asset Management Team was established during 2021/22, which ensures there is a team dedicated to the management and improvement of the housing stock. The stock condition survey completed in early 2021 has highlighted that significant investment is required in the housing stock to ensure the Council will meet the Scottish Housing Quality Standard (SHQS) and Energy Efficiency Standard for Social Housing (ESSH1 and ESSH2) within appropriate timescales. Work programmes this year on the stock have once again been affected by the Covid 19 pandemic however, as restrictions end there is a desire to significantly increase the delivery of programmes to improve the housing stock. To that end the Housing Investment Plan approved by Council on 22 February 2022 (paragraph 5 of the Minute refers) sets out the areas of spend for next financial year and the following two years in order that the Council can significantly improve the quality of the housing stock in line with legislation.
- 4.6.2 A review of the Housing Business Plan was carried out in 2021 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 2021 Tenant's Survey and to ensure continued affordability of the programme of the Council's new build housing programme.
- 4.6.3 The Council's Strategic Housing Investment Plan 2022/27 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 2021 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 overcrowded families, older people, wheelchair users and people with physical disabilities. 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 EPC B and the "silver" level of current Building Regulations in respect of both Carbon Dioxide Emissions and Energy for Space Heating.

## **4.7 Fleet**

- 4.7.1 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 Fleet's 10 year rolling vehicle and plant replacement plan has to accommodate the Council's target to be Net Zero by 2030. There are 2

separate projects currently in progress. The first is looking into the public use of on street and off-street charging infrastructure and decarbonisation of the Council's fleet through the use of electric vehicles; and the second project is focused on the use of Hydrogen. It is intended that a report will be brought to a future Economic Development and Infrastructure Services Committee to report on findings of the project and will set out a detailed list of recommendations in order for the Council to reach its Net Zero position by 2030. Further to this, the budget implications associated with this position will need to be identified and reported through the Council's financial planning process.

#### **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 The 2022/23 ICT plan will focus on the server infrastructure to address compliance requirements and major system upgrades. There may also be requirements arising from the Microsoft 365 project, which will see a move towards cloud based provision, this will affect current asset management assumptions for server infrastructure. There is also work planned on the core corporate network infrastructure and this will be dependent upon the Council's approach to hybrid working and the future requirements of the property estate. The revised School's ICT Strategy is a further key area that will impact upon the ICT asset management plan, with the options for the provision of devices to pupils and teachers is likely to have a significant impact on current planning if there is a move towards 1:1 devices.

#### **5. ACTIONS PLANNED FOR 2022/23**

##### **5.1 The key tasks are noted below:**

- Review the Property Asset Management Appraisal 2018 in the light of current and planned future working practices and forecast service requirements and implement the revised recommendations arising from the review;
- Complete the post project review of the Early Learning & Childcare capital project;

- Continue to develop a selection process for post project reviews;
- Continue general development of AMPS ;

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 for CAMP actions and these will become a feature of future Corporate Asset Management Plans reported to Committee