

# ***Report to the Council***

**Committee:** Cabinet

**Date:** 24 July 2007

**Portfolio Holder:** Councillor C Whitbread

**Item:** 10(b)

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## **1. ASSET MANAGEMENT PLAN 2007-2012**

### **Recommending:**

**That the Asset Management Plan 2007-2012 be approved.**

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### **Introduction**

- 1.1 The updated Asset Management Plan (AMP) incorporates the latest revisions to the Council's 5-year Capital Strategy. Further updates will be needed to reflect outcomes of the Asset Conditions Survey which is near completion, and the annual review of the Council's Planned Maintenance Programme.
- 1.2 The updated AMP results from an analysis undertaken by the Institute of Public Finance Limited which featured a number of key aspects, including:
  - (a) a comprehensive review of the previous plan (2001-2006) and the environments which it supported;
  - (b) a review of current objectives and strategies which facilitate the delivery of effective asset management within the organisation;
  - (c) option appraisal; and
  - (d) a definition of the key considerations in the development of a programme for asset management.
- 1.3 In addition to ensuring a high standard of property is available to support the delivery of Council Services, the AMP dovetails with the aims of a number of other key strategies within the Council, including the Community Strategy, the 5-Year Council Plan and the Capital Strategy.

### **Corporate Asset Policy and its Environments**

- 1.4 A key element of the AMP is the importance of capital receipt income to support the Council's Capital Strategy and Capital Programme. There are a number of key aims within the Corporate Asset Policy therefore which are aimed at generating disposal, or potential for disposal of surplus land and building assets.
- 1.5 Property Asset Management within the Council is based on a number of key principles founded on fundamental assumptions, such as the promotion of shared use accommodation where appropriate, adoption of key national performance indicators to measure asset management performance, a strong commitment to

consultation with key stakeholders, and aspiration to achieve an excellent rating under CPA.

- 1.6 Since the initial AMP was developed there have been a number of developments within the environment in and around the District, which potentially have implications on property generally and on the Council's property portfolio. They include:
- (a) demanding new central government targets for affordable housing;
  - (b) opportunities for regeneration and redevelopment arising from the success of the London 2012 Olympic Games Bid; and
  - (c) the development of a new portfolio of performance measures based on condition, suitability and sufficiency to complement the approach taken within the AMP.

### **Existing and Future Services and Accommodation**

- 1.7 Property is now very much seen as being a corporate resource, with asset management, investment and maintenance a key element in all strategic and operational plans. This is evidenced by improved income from rents and receipts from disposal of assets.
- 1.8 An Accommodation Strategy is in development which will cover a number of key aspects such as requirement, location, access and space. In addition, a rolling programme of review is also proposed which will ensure that all opportunities for improvement of accommodation and facilities, both industrial and commercial, together with the creation of affordable homes and the release of land and property, are sought out, and that robust option appraisal is undertaken when examining options.
- 1.9 Partnering in the use and occupancy of property is also a key objective of the AMP, and a number of existing and potential options will improve not only the efficiency in use but the overall quality and accessibility of services.
- 1.10 Excluding HRA housing stock, the Council has a total portfolio of land and properties valued at £72.55 million of which £38.80 million is operational. Rental income from these assets has risen almost 10% during 2006/07 to £3.874 million per annum. Full implementation of rent reviews and lease renewals and re-letting vacant properties as they arise, coupled with improving property markets, has had a key impact on the Estate Management Business Plan, and effective performance continues to be monitored.
- 1.11 The Council has a robust capital management process in place to ensure successful delivery of projects. In addition, achievable opportunities for disposal of surplus assets continue to be identified, which has resulted in significant capital receipts to the authority.
- 1.12 Survey and maintenance of all property continues to be a strong feature within the authority with the implementation of a 5 year planned maintenance programme, an improved programmed works budget and a programme of Disability Discrimination Act compliance works within all public-assessable buildings used by the authority.

## **Review, Challenge and Option Appraisal**

- 1.13 A programme of rigorous review and challenge has been developed.
- 1.14 The Council reassesses its capital priorities on an annual basis. A number of best value reviews carried out recently has impacted on the AMP and Capital Strategy, including those affecting the HRA stock repairs and maintenance, leisure, waste management, and projects and partnerships.
- 1.15 A structured system for identifying needs/opportunities has been implemented in parallel with consideration of corporate objectives. This enables all options to be evaluated in a consistent and comparable way. A key option appraisal objective for the Council is to continue to identify and secure opportunities for partnering in order to achieve best value.
- 1.16 Consultation is also an important feature, and there are a number of examples in place where the Council has already maximised crosscutting partnership working.
- 1.17 As well as undertaking capital projects itself, the Council will continue to seek out opportunities for delivering and procuring capital assets through the private sector and, for large schemes will ensure the adoption of Egan principles to continue to accrue a number of benefits.

## **Asset Management Programme**

- 1.18 In terms of generating income and funding asset creation and improvement, a number of opportunities are available, and the ability to undertake capital projects often depends on such funding. To maximise this potential, the Council forecasts in its Capital Strategy the likely funding to become available over the period of each five year forecast, which is reviewed at least quarterly, and adjustments to the programme are made accordingly.
- 1.19 The Council has set a Capital Plan which, including housing, aims at investing almost £51 million over the 5 year period to 2011. Over £18 million (almost 36%) of this gross expenditure will be funded from Capital Receipts. Currently, the Council holds a high amount of Capital Receipts, interest from which is used to support the General Fund Revenue account. Should the receipts be reinvested then this will have an impact on revenue income. In recognising this, the Council has adopted a policy of seeking out revenue/generating assets in investment decisions, in order to mitigate such an impact.
- 1.20 The Council has eight key capital priorities, ranked in order of strategic importance with regard to overall Council aims and objectives. These go from "improving housing stock" and "delivering quality public services through E-Government" at the top to "improving private sector housing" at the bottom.
- 1.21 The current five year plan maintenance programme commenced in April 2007 with a year one budget of £118,000. The level of planned maintained in the authority is increasing and the AMP will continue to develop planned maintenance with the aspiration of increasing the planned maintenance programme to 70% of overall maintenance within the organisation.
- 1.22 It is essential that there are clearly defined responsibilities for implementation of the AMP. Areas for improvement continue to be identified through best value reviews and a number of other areas will be identified through Service Plans. The Portfolio

Holder for Finance, Performance Management and Corporate Support Services will monitor the progress of the AMP.

### **Statement in Support of Recommendation**

- 1.23 Adoption of a comprehensive AMP should enable the Council to secure the best possible return on its assets, both in terms of revenue and capital value and in terms of the suitability and sustainability of its buildings. The draft AMP takes into account feedback from Government Offices on previous AMP and incorporates the latest guidance on asset management planning. A comprehensive and current AMP will attract credit as part of the next use of resources assessment.
- 1.24 We recommend as set out at the commencement of this report.